SUMMUS
CAPITAL

ANNUAL FINANCIAL STATEMENT 2022

Business name:	Summus Capital OÜ
Main field of activity:	Renting of real estate
Commercial register number:	12838783
Address:	Rotermanni tn 2-3b, Tallinn 10111, Estonia
Country of residence:	Estonia
Phone:	+372 578 78078
E-mail address:	info@summus.ee
Homepage:	www.summus.ee
Beginning of financial year:	01.01.2022
End of financial year:	31.12.2022
Legal form:	Private limited company
Auditor:	KPMG Baltics OÜ

This version of the report is a translation of the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over the translation.

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1. OVERVIEW OF THE CHAIRMAN OF THE BOARD

Dear clients and partners,

During 2022 we were facing multiple challenges in the world economy grappling with rising energy prices, general inflation and raising interest rates. World macro challenges were accompanied by geopolitical tensions. Despite these difficulties, we at Summus Capital remain steadfast in our commitment to sustainability, focusing on maintaining our present portfolio with good care, strengthening relationships with tenants, financing providers and employees.

We are glad to have acquired Damme shopping centre in Riga, Latvia, in 2022. At the end of 2022 we sold the production facility in Tartu to our tenant's group. Additionally, we have refinanced older loans and thus increased our liquidity to prepare for uncertain times ahead.

In line with our business philosophy, we continue to prioritize sustainable development, as evidenced by our recent GRESB assessment of the entire portfolio. We are currently in the process of BREEAM certification with 68.2% of our portfolio already certified and an additional 18.2% in the certification process.

Summus Capital has achieved a significant position among the Baltic companies maintaining high internal standards. During the first half of 2022 we prepared and had our first IFRS based report audited. We are proud to have been rated among the first third of the top 101 most valuable companies in Estonia and becoming number 9 in Äripäev top 100 companies in Estonia. We were affirmed by international rating agency Scope with an issuer rating of BB/Stable.

In 2023 we aim to support the Baltic society through our passion for tennis. Furthermore, we will continue to focus on maintaining our reserves and strengthening present relationships. We strive to be leaders and role models in the area of sustainability in the Baltics. We remain committed to making progress in terms of efficiency and strategic development in all areas of ESG.

We are grateful for the trust and support of our employees, tenants, financing and other partners and everyone else who supports us on our journey. Thank you for your continued cooperation and partnership and we look forward to a successful year ahead.

Sincerely,

Boris Skvortsov

Chairman of the Board of Summus Capital

I MANAGEMENT REPORT

2. OVERVIEW OF THE CONSOLIDATION GROUP

Summus Capital OÜ is a real estate investment holding company established in 2015 (hereinafter the Consolidation Group, Group or Summus Capital). The first present subsidiary was established in 2013. Summus Capital started operations in Estonia, where the company has also been registered.

At the moment of presenting the financial statements the total of fourteen real estate objects are owned by the Group in the three Baltic States. The Group has a diversified portfolio of cash-generating commercial real estate properties with the value of more than EUR 400 million at the time of reporting, consisting of retail, office, logistics and medical buildings.

The main source of income for the Consolidation Group is the renting of real estate. However, for liquidity management purposes, it is also permitted to invest mostly for cash management purposes in various financial instruments, including deposits and bonds. The real estate portfolio of the companies owned by Summus Capital consists of cash-flow generating commercial real estate properties and has been prepared with a longer-term investment period in mind, which means that the portfolio should be sustainable in the context of both rental demand and investment liquidity. The portfolio is allocated using a diversification strategy - investing in commercial, office and industrial real estate. The stability of the portfolio's cash flows, which is guaranteed by long-term leases, is considered essential. The cash flow of Summus Capital is not cyclical or seasonal. The share of anchor tenants in the cash flow of the portfolio, which should not fall significantly below 50%, is monitored separately. The assessment of risk scenario keeps in mind that there should be no dominant sector or group of tenants, which could significantly affect the cash flow of the portfolio during the negative economic cycle.

Summus Capital is focused on long-term investments and the Consolidation Group has a strong tenant base of ca 400 tenants. The leasable area of Summus Capital's portfolio is 218 354 m2. The portfolio's weighted average lease term (WAULT) was 4.4 years, while anchor tenants WAULT was 5.5 years and senior loan-to-value ratio (LTV) was 54%. The vacancy of the portfolio was 3.1%. The average maturity of senior debt was 3.5 years.

In Estonia, the Consolidation Group owns Veerenni 1 and Veerenni 2 medical centres, de la Gardie and Auriga shopping centres, Punane 56 multi-purpose business centre and the warehouse portfolio. In Latvia, Summus Capital owns shopping malls Riga Plaza and Damme and Depo Imanta DIY property. The Lithuanian portfolio consists of high-tech centre of BOD Group, Nordika shopping centre and Park Town 1 and 2 office buildings.

Summus Capital believes that the best way for investors, tenants and employees to increase the value of assets is to manage the business in a sustainable way. The focus is not only on the acquisition of "green assets," but the essential mission is to turn the existing un-efficiencies into modern, prime and flagship assets, the result of which will decrease the ecological footprint significantly and be favourable to financiers.

The asset and ESG manager of Summus Capital's portfolio is Green Formula Capital (https://greenformula.ee), a sustainability and green turnaround driven real estate investment management firm focused on tailor-made ESG principles mixed with the organization of green financing to increase the asset value and liquidity.

The operations of Summus Capital operations are exposed to various market risks. The market risk management policy is in place to monitor and mitigate risks. Summus Capital's overall risk management program provides for identification, assessment and, where appropriate, mitigation of potential risks, in order to reduce potential adverse effects. The most important of risks is the risk related to possible changes in interest rates. This risk arises from the financing of pan-Baltic real estate portfolio of significant size by interest-bearing loan liabilities, the interest rate fluctuations of which affect the Group's interest expenses. The Group uses interest rate derivates to hedge interest rate cash flow risks. The changes in interest rates are closely monitored and, if necessary, additional hedging agreements are used. The interest rate risk policy stipulates that as minimum 50 %, but not more than 100% of the Group's gross interest-bearing liabilities will be fixed or hedged using financial derivatives. The weighted average duration of fixed/hedged part of loans will not be less than 80% of the weighted average duration of all loans. The foreign exchange risk is not relevant to the Group as all income and costs are euro based.

The Group's dividend policy stipulates that Summus Capital may distribute dividends to shareholders up to an amount that remains after the deduction of own contributions to new investment projects. In addition, Summus Capital has committed to bondholders not to pay more than 50% of the previous year's non-cash and non-recurring income-adjusted profits as dividends.

More information is available on website **www.summus.ee.**

3. SIGNIFICANT EVENTS IN 2022

1st quarter

- GRESB (https://gresb.com) assessment process started for the whole portfolio;
- Energy audit is completed for Veerenni Tervisekeskus OÜ;
- Depo DIY's store in Imanta, Riga, the management has been taken over from the previous owner.

2nd quarter

- On April 21, 2022 the acquisition of Damme shopping centre was completed, whereby 100% Summus Group company SIA "DIP 2" acquired 100% share in SIA "RCH Management", the company owning the property of Damme shopping centre in Imanta district, Riga, Latvia;
- Summus Capital applied for the first time for GRESB Certification. GRESB is an international organization that assesses sustainable investment activities and real estate owners' green and sustainability policies in the field of ESG (Environmental, social and governance);
- BREEAM assessment of Depo DIY property started;
- The first IFRS report were prepared and audited.

3rd quarter

- In July, Summus Group completed the acquisition transaction of Riga Plaza shopping center concluded in 2020, acquiring an additional 44.5% stake within pre-agreed forward agreement and became owner of 89% of Riga Plaza shopping center;
- Riga Plaza received BREEAM Good certificate. As of the end of the 3rd quarter 54.7% of the portfolio is certified;
- The long-awaited opening of MyFitness took place at the end of September in Riga Plaza;
- In Auriga Shopping Centre the lease agreement of the anchor Kesko Senukai was prolonged for 5 years with new WAULT being 5.89.

4th quarter

- In October Summus Capital finalized the sale of Hanza Mechanics industrial building, leaving Votum Invest OÜ with 2 properties;
- The companies of Damme shopping centre were merged into SIA RCH Management;
- The real estate companies of Depo Imanta were merged into SIA Parupes Bumani;
- UAB PT Rytai (Park Town East office building in Vilnius) and SIA LSREF3 Riga Plaza (Riga Plaza shopping centre in Latvia) received additional bank loan in amount of 10.8M EUR;
- The companies of Damme shopping centre returned the pre-agreed short-term part of loan 1.2M EUR to the bank;
- Besides increase in loan balance, the 4th quarter's bank loan interest payments increased due to the change of Euribor, however as of the end of 2022 53.4% of the portfolio was hedged;
- As of 4q2022, 68.2% of the portfolio of Summus Capital is certified and further 18.2% is in the process of certification.

Covenants and other important portfolio related issues

The consolidated equity to total assets ratio of the 4th quarter of 2022 stood at 40% (needs to be at least 30% according to the bond terms).

At the end of 4th quarter of 2022 the consolidated DSCR on the trailing twelve-month basis was 1.4x (needs to be at least 1.2x according to the bond terms).

The financial covenants set forth in the bond terms were met as of the 4th quarter of 2022.

The Consolidation Group's operations are stable and the portfolio is based on long-term monthly lease payments from reliable tenants under lease agreements. The vacancy rate of the portfolio as of 31 December 2022 was 3.1% (31 December 2021 was 3.2%).

The Group's business is neither seasonal nor cyclical. The periodic discounts due to the COVID-19 epidemic granted to lessees during 2021 did not have a significant impact on the current operations as a whole and in 2022 no new discounts due to COVID-19 were made.

The economic activities of the Group do not have significant environmental or social impacts. No risks related to the changes in foreign exchange rates, main interest rates and stock exchange rates have been identified during the financial year or during the reporting period.

The tenants of the buildings, service providers, the banks' financing the projects and the owners are locals at the Baltic market. Therefore, Russia's full-scale attack on Ukraine, which began on 24th of February 2022, is not a significant direct risk for the Consolidated Group.

The repairs have been carried out on an ongoing basis and will continue in 2023.

The relations are kept with most Baltic banks to provide up-to-date info on portfolios and potential future financings.

The Consolidation Group plans to continue its current activities in 2023 and beyond.

4. STRUCTURE OF THE CONSOLIDATION GROUP AS OF THE END OF THE FINANCIAL YEAR

Boris Skvortsov Israeli-Russian citizen, Estonian resident, Estonian tax resident

Supervisory board

Summus Capital OÜ (100%)
Shareholding company, private limited company, Estonian

UAB Vikingu 3 (89%)
Investment holding Lithuania
UAB Stabilus Srautas **(10%)**
UAB “Vikingu Investicijos” **(1%)**

SIA Vikingi 2 (100%)
Investment holding
Latvia

SIA Loft Office (89%)
Stabilus Srautas LV UAB **(10%)**
Vikingu Investicijos UAB **(1%)**
owner of SIA LSREF3 Riga Plaza
LAT

Lepidus Invest OÜ (99%)
Zenith Family Office OÜ (1%)
owner of De la Gardie store, Tallinn
EST

Votum Invest OÜ (99%)
Zenith Family Office OÜ (1%)
owner of 2 storage houses, Tallinn
EST

Princepts Capital OÜ (99%)
Zenith Family Office OÜ (1%)
owner of office building at Punane str. Tallinn
EST

Voluntas Invest OÜ (99%)
Zenith Family Office OÜ (1%)
owner of Auriga department store, Kuressaare
EST

Veerenni Tervisekeskus OÜ (99%)
Zenith Family Office OÜ (1%)
owner of Veerenni Health Center, Tallinn
EST

Procedo Capital OÜ (99%)
Zenith Family Office OÜ (1%)
owner of Veerenni Health Center 2, Tallinn
EST

UAB PT Vakarai (100%)
owner of Park Town West Hill office building, Vilnius
LIT

UAB PT Rytai (100%)
owner of Park Town East Hill office building, Vilnius
LIT

UAB Nordika prekybos slenis (100%)
owner of Nordika Shopping Center, Vilnius
LIT

UAB Zenith Turto Valdymas (100%)
owner of BOD business center, Vilnius
LIT

SIA LSREF3 Riga Plaza (100%)
owner of Riga Plaza Shopping Center, Riga
LAT

SIA Pārupes būmaņi (100%)
owner of Depo Imanta real estate, Riga (merged D Imanta Project SIA)
LAT

RCH Management SIA (100%)
owner of Damme Shopping Center, Imanta, Riga (merged DIP2 SIA)
LAT

SIA PLP (100%)
owner of Parking plot near Riga Plaza Shopping Center, Riga
LAT

5. CORPORATE GOVERNANCE

The Supervisory Board of Summus Capital consists of three members (in the end of 2021 it consisted of five members). The Chairman of the Supervisory Board of Summus Capital is Boris Skvortsov who is also the owner of Summus Capital. Other Board members are Renats Lokomets and Vykintas Misiunas.

BORIS SKVORTSOV
Chairman of the Supervisory Board

RENATS LOKOMETS
Supervisory Board member

VYKINTAS MISIUNAS
Supervisory Board member

The Management Board of Summus Capital consists of 3 members: Aavo Koppel, Evaldas Cepulis and Hannes Pihl.

HANNES PIHL
Investment management

AAVO KOPPEL
Finance

EVALDAS CEPULIS
Asset management

The background of the members of the Supervisory Board and Management Board has been provided at: **https://summus.ee/contact/.**

6. SUSTAINABILITY

Foreword

Business has traditionally prioritized a single goal of increasing shareholder value. However, as societal values have evolved, so have the priorities of modern companies. Today, businesses are increasingly recognizing their responsibility to consider not only their financial performance but also their impact on people, the environment, and communities.

Taking a holistic and sustainable approach to business has become increasingly important in today's world. Companies that prioritize the long-term growth of their business while considering their impact on the environment and society are better positioned to create lasting value for their stakeholders.

This shift in focus has become even more apparent in the wake of the Covid-19 pandemic, where companies were forced to prioritize their social responsibility and adapt to the changing needs of their communities. The pandemic highlighted the importance of companies being proactive and responsive to the needs of their stakeholders, including their employees, customers, and communities.

At its core, this shift in perspective reflects a growing recognition that businesses can no longer operate in isolation from the world around them. Instead, companies must take a broader view of their role in society and work to create value for all stakeholders. By doing so, businesses can not only create long-term growth but also contribute to a more sustainable and equitable future for all.

Although Covid-19 was the most acute threat in recent years, according to the latest IPCC (Intergovernmental Panel on Climate Change) report global greenhouse gas emissions have continued to increase due to unsustainable energy use and consumption. CO2 emissions, in turn, are causing global warming which is already having a widespread effect on people's lives and the running of businesses, through an increased number of extreme weather events and climate extremes. The latest example could be the drought in Europe, which caused low water levels in Europe's major rivers, which in turn caused disruptions in supply chains which were already weakened from the Covid-19 pandemic.

At Summus Capital, we are committed to making a positive impact on the environment through our investments in commercial real estate. We firmly believe that companies and individuals can take action to mitigate the effects of climate change if we act now.

As an investment firm, we recognize the critical role that commercial real estate plays in the fight against climate change. Buildings account for a significant portion of global greenhouse gas emissions, and improving their energy efficiency is an essential step towards reducing our carbon footprint. That's why we focus on investing in buildings with sustainable design features, such as efficient heating and cooling systems, LED lighting, and green roofs. These features not only reduce energy consumption and carbon emissions but also result in lower operating costs and increased property value. We also see an important value in sustainable management of our existing portfolio.

We also understand that individuals play a crucial role in addressing climate change. That's why we encourage our tenants and partners to adopt sustainable practices such as reducing waste, conserving energy, and using renewable resources. We work closely with our tenants to help them implement sustainability initiatives and provide resources to support their efforts. Moreover, we believe that collaboration is essential to achieving a sustainable future. That's why we work with industry partners, governments, and other stakeholders to promote sustainable development practices and support initiatives that reduce our collective carbon footprint.

At Summus Capital, we are committed to investing in commercial real estate with sustainable design features and supporting our tenants and partners in their sustainability efforts. We firmly believe that by working together, we can make a significant impact on the environment and create a more sustainable future for generations to come.

United Nation Sustainable Development Goals

To address the challenges of climate change and the potential risks of transition to a sustainable economy, United Nations has developed sustainable development goals (SDG-s) (see also: https://sdgs.un.org/goals).

According to the UN, SDG-s provide a shared blueprint for peace and prosperity for people and the planet, now and into the future. In total there are 17 goals which aim to end poverty and other deprivations, strategies that improve health and education, reduce inequality and spur economic growth – all while tackling climate change and working to preserve our oceans and forests. In general, the objectives of the SDGs focus on improving the economic, social and environmental situation.

These goals were adopted by all UN member states in 2015. The SDG-s apply to all countries and require input from both governments and the non-governmental sector, including companies, which have an important role to play in helping the world achieve these goals. According to Organisation for Economic Co-operation and Development

(OECD), in developing countries, private sector operations constitute, on average, 60 per cent of GDP, while generating 90 per cent of jobs and 80 per cent of capital inflows.

We at Summus Capital believe that through our sustainability goals and actions we contribute to the following SDG-s:

Why is sustainability important for Summus Capital?

Summus Capital believes that for investors, tenants and employees, the best way to increase assets value is to manage the business in a sustainable way.

Considering the IPCC report on the world's worsening CO2 emissions, Summus Capital as a real estate manager believs that it has an important role in tackling climate change, since properties and the construction sector account for around 37 per cent of energy consumption globally. (Source: https://www.iea.org/reports/buildings).

According to a study made by the Federal Environment Agency of Germany, almost half of all emissions of newly built passive houses result from the construction of the building.

That is why we believe we should not only focus on acquisitions of "green assets", but our essential mission is to turn existing in-efficient buildings into modern, prime and flagship assets, which as result will significantly decrease the ecological footprint.

Furthermore, lowering our energy consumption is a prerequisite for sustainability certification with a high ranking and potential green financing. We believe those who take social responsibility, environment and governance into consideration will be winners in the long run, compared to those who don't.

Summus Capital has been on the ESG journey in a very focused way already for two years. We are still in the early stages of our journey, but with significant plans and strategy in place. This does not mean that we did not consider sustainability in our business before this, rather that we have started communicating and providing our stakeholders information about our steps in a more structured way, by certifying our buildings, doing GRESB (Global Real Estate Sustainability Benchmark) assessments and disclosing more information in our management report.

Our goals with GRESB assessment are to enhance our properties sustainability performance and to increase our GRESB rating. The assessment includes implementing sustainable practices in areas such as environmental performance, social performance, and governance performance. The firm aims to enhance its reputation, attract socially responsible investors, and create long-term value for stakeholders through its sustainability initiatives.

ESG management has been informal so far due to the lack of government regulations mandating ESG reporting and management. Without clear standards, businesses may feel less pressure to prioritize ESG considerations. However, this is changing as governments are increasingly introducing regulations and policies aimed at encouraging businesses to take a more proactive approach to ESG management. One noteworthy regulation will be the Corporate Sustainability Reporting directive, according to which all large companies need to disclose a comprehensive sustainability report starting in 2025, including Summus Capital.

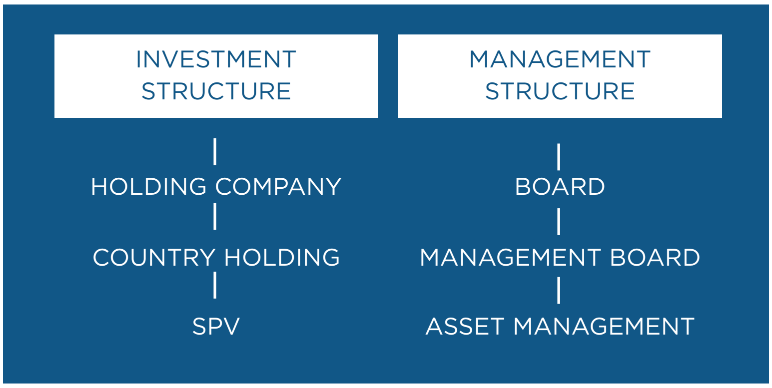
Now, in addition to government regulations, financial institutions are also asking for companies to meet ESG standards. Investors and stakeholders are increasingly demanding greater transparency and accountability on ESG issues and are using ESG criteria to evaluate the sustainability and long-term viability of companies, and Summus Capital is not an exception. This has led to a growing trend of socially responsible investing, where investors seek to allocate capital to companies that prioritize ESG considerations. As a result, businesses that fail to integrate ESG considerations into their operations may face reputational and financial risks, making ESG management a critical aspect of business strategy.

Therefore, we have set ESG goals to guide our efforts in achieving sustainable and long-term growth while reducing our environmental footprint, promoting social responsibility, and ensuring good governance. By setting ESG goals, we can measure and report on our progress, demonstrate our commitment to stakeholders, and ensure that we are contributing to a sustainable future.

General information

Governance structure and ESG management

Summus Capital's management structure includes three board members (https://summus.ee/contact/) and various levels of management below. The board of directors sets the company's strategic direction, while management is responsible for implementing that strategy and managing the day-to-day operations of the company.



Summus Capital management structure (see also: https://summus.ee/about-us/)

Our ESG management is outsourced to a reputable sustainability consulting firm Green Formula Capital (https://greenformula.ee/) and the third-party management board has a high level of competence and experience regarding ESG matters. Summus Capital management and board members provide oversight to ensure that Green Formula Capital has the necessary expertise and resources to effectively manage our ESG performance. We have also established an in-house dedicated ESG team to oversee ESG initiatives and ensure that the company is meeting its ESG goals. At each board meeting a special topic has been dedicated to ESG topics and a representative of Green Formula Capital has been invited to each board meeting.

Summus Capitals ESG management involves integrating environmental, social, and governance considerations into a company's business operations. Environmental impact factors include the company's carbon emissions, energy consumption, and waste management practices. Social impact factors include the company's treatment of employees, community engagement, and ethical sourcing practices. Governance practices include a company's leadership structure, diversity, and transparency in reporting.

Our ESG management entails identifying and managing risks and opportunities related to environmental and social issues, as well as ensuring that the company operates with strong ethical and governance practices.

ESG considerations are also integrated into the company's decision-making processes at all levels of management. For example, employees are constantly trained to consider the environmental and social impacts of their actions when making decisions, and ESG metrics are incorporated into performance evaluations and compensation structures and any new acquisition due diligence process.

The company ensures the implementation of policies and practices that promote diversity, such as actively seeking out candidates from underrepresented groups, providing training on unconscious bias and diversity, and fostering an inclusive culture where everyone feels valued and respected.

The gender proportions in the council and management are 100% male, though Summus Capital acknowledges the significance of diversity and inclusivity in its management board and has devised policies and actions to promote diversity among its leadership. The company has adopted a comprehensive approach that encompasses various initiatives, such as stipends or grants, inclusive recruitment practices, mentorship and sponsorship programs, leadership development opportunities, diversity and inclusion training, employee resource groups, and establishing accountability measures and metrics. These measures are aimed at cultivating a more diverse and inclusive leadership team that aligns with the organization's commitment to diversity and fosters an inclusive work environment.

Summus Capital board and management board members can be found at https://summus.ee/contact/. Besides the board and management, the vital team for Summus Capital is chief accountant Sigrid Põldveer and legal support Anastassia Lange.

ESG strategy, goals and monitoring

One of the primary responsibilities of management and board members is to develop ESG strategies that align with the overall business objectives of the organization. This involves identifying key areas of focus such as reducing carbon emissions, improving labour practices, or enhancing diversity and inclusion, and developing a plan to achieve these goals. ESG KPI, targets and actions are reviewed by the board quarterly, during which the next actions and plans for upcoming quarters are set.

Management and board members also monitor the organization's ESG performance to ensure that the strategies implemented are achieving their intended results. This includes regularly reviewing ESG metrics and performance indicators, identifying areas for improvement, and making necessary changes to ESG strategies.

Management and board members ensure that the organization's ESG performance is accurately reported and communicated to stakeholders, including investors, customers, and employees.

ESG regulations and standards are constantly evolving, and management and council members ensure that the organization is compliant and up-to-date with all relevant ESG requirements. This involves developing policies and procedures, conducting audits, and implementing remediation plans as needed.

ESG goal setting and performance monitoring for Summus Capital involves establishing specific, measurable, achievable, relevant, and time-bound goals, developing a comprehensive strategy, implementing the strategy, monitoring performance, and reporting progress to stakeholders. This process helps to improve sustainability, enhance stakeholder engagement, and achieve long-term success.

Stakeholder engagement

Summus Capital considers its clients, employees, suppliers, financiers, and investors as its main stakeholders. We engage our stakeholders actively throughout our business operations.

Tenants:

Communication	Expectations	Our actions
Tenant feedback surveys Social media Service hotlines Regular day-to-day correspondence Newsletters	The company to manage their properties professionally, ensuring they are well-maintained, secure, and generate optimal returns. Expect Summus Capital to provide them with timely and accurate financial reports, communicate effectively, and address any concerns or issues promptly.	Summus Capital have implemented various strategies such as using advanced property management software to efficiently manage properties, providing comprehensive tenant services, conducting regular inspections, and communicating effectively through regular updates and reports. Summus Capital has also established responsive customer service protocols to ensure client satisfaction.

Employees:

Communication	Expectations	Our actions
Employee feedback surveys Company policies, mission and vision	A safe and healthy work environment, fair compensation, opportunities for career growth and development, and a positive workplace culture that values diversity, inclusion, and teamwork.	Summus Capital has implemented various employee-friendly policies such as fair compensation packages, comprehensive health and safety programs, diversity and inclusion initiatives, and opportunities for training and career advancement. Summus Capital has established effective communication channels between management and employees, to foster a positive workplace culture and address any concerns promptly.

Suppliers:

Communication	Expectations	Our actions
Regular meetings and day-to-day communication	Fair and transparent procurement practices, timely payments, clear specifications and requirements, and a collaborative relationship with the company.	Summus Capital has established transparent procurement procedures that follow industry standards, provide clear specifications and requirements, and ensure timely payments. Summus Capital has built strong and long-term relationships with suppliers, based on mutual trust and respect.

Financiers

Communication	Expectations	Our actions
Regular reporting and meetings	The company to manage their funds prudently, pay interest and principal on time, and comply with all relevant regulations and requirements.	Summus Capital implemented various financial management strategies such as maintaining a healthy balance sheet, sustainable loan to value level, managing cash flow, and complying with regulatory requirements. Summus Capital also has established regular communication channels with financiers, providing them with timely and accurate financial reports and updates. Summus Capital bonds are listed on Nasdaq Stock Exchange that adds to the transparency requirements.

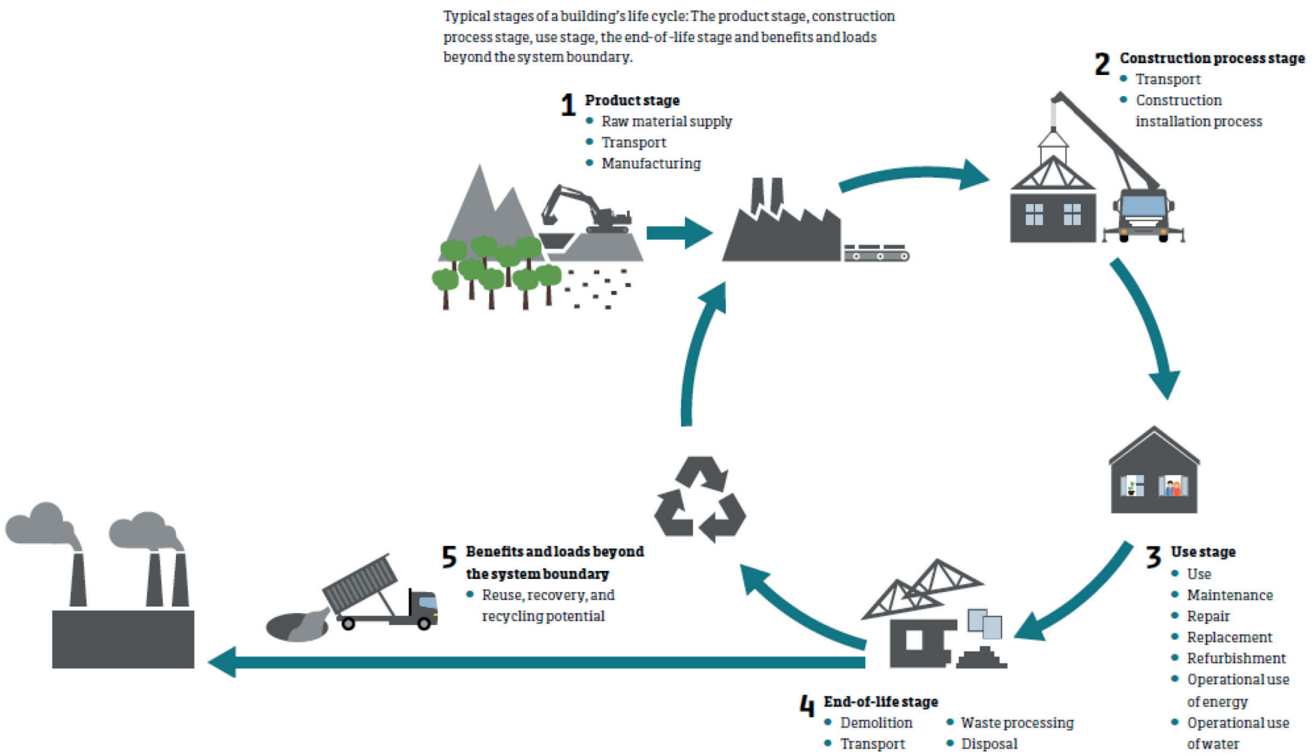
Investors/owners

Communication	Expectations	Our actions
Regular reporting and meetings	The company to generate consistent and growing profits, provide regular updates and diSummus Capital-losures, manage risks effectively, and create long-term value for them.	Summus Capital implemented various strategies such as developing a long-term strategic plan, diversifying its portfolio, managing risks effectively, and ensuring transparency and accountability through regular updates and disclosures. Summus Capital established robust governance and oversight mechanisms, to ensure that investor interests are protected, and their investments generate sustainable returns. Summus Capital helds regular quarterly board meetings that follow good governance principles. Summus Capital has commissioned an outside revision provider in addition to financial audit required by law.

Our value chain

We acknowledge that ESG topics are becoming increasingly important in our value chain. In today's business environment, companies are expected to consider the ESG impact of their operations, including those of their suppliers, and to work towards sustainable practices that minimize negative environmental and social impacts. Increasingly customers and local communities expect companies to act sustainably and responsibly. This is supported by upcoming and already valid regulations, like EU Taxonomy and CSRD, which will increase the transparency and information availability of ESG performance of companies, in addition to the financial performance.

We understand that ESG impacts can occur throughout the entire value chain, including the production, distribution, and consumption of goods and services. Future plans related to building construction and the whole life cycle can play an important role in mitigating negative ESG impacts and promoting positive ones. See also the lifecycle of buildings.

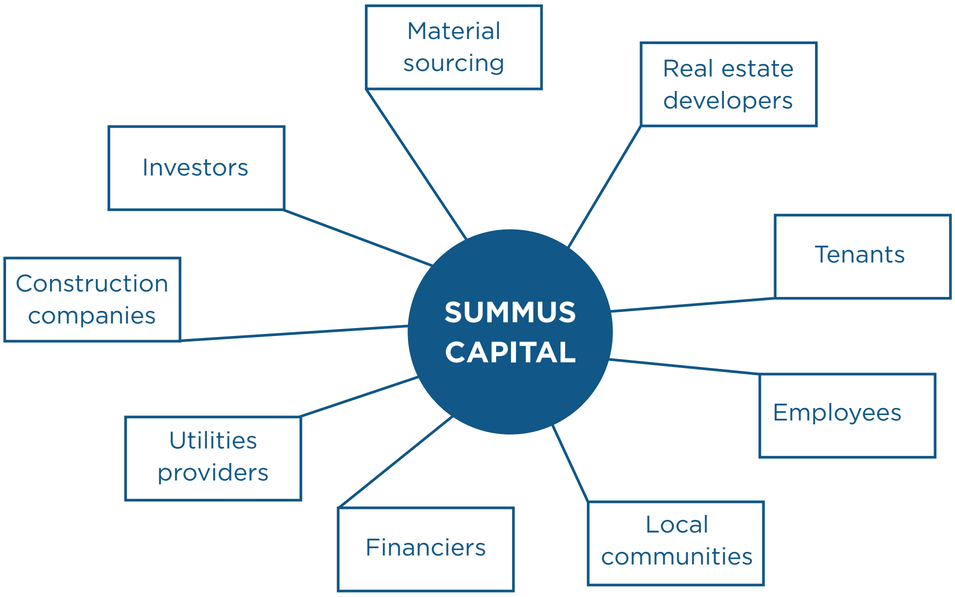


The typical lifecycle of buildings: a

From the building lifecycle stage, Summus Capital is active in the use stage. We buy existing buildings and through effective management improve their environmental and financial performance. As can be seen above, the use stage is only one part of the building life cycle. In the building lifecycle, a large part of emissions are created, and waste is generated before and after the use stage. Therefore, our strategy of buying existing buildings and improving their energy efficiency, we believe has had a greater impact on climate change, compared to an alternative of constructing entirely new buildings.

From our value chain perspective, one area where ESG considerations are particularly relevant is the availability of materials. As concerns over climate change and resource depletion increase, companies are under pressure to source materials sustainably and minimize their environmental footprint. This includes taking steps to reduce waste, energy use, and greenhouse gas emissions throughout the supply chain.

In the construction sector, for example, the availability of materials such as wood, concrete, and steel may be affected by a range of ESG factors. Deforestation, carbon emissions from production, and the use of scarce resources such as sand are all issues that may affect the availability and cost of construction materials.



Summus and different stakeholders throughout its value chain

However, in the context of ESG considerations, the most important impacts - as we own a sizable real estate portfolio - in the commercial real estate management industry may still be in the property management stage. This is because effective property management can not only contribute to financial success but also align with ESG goals.

For instance, effective property management can help reduce environmental impacts by implementing sustainable building practices and reducing energy consumption. It can also promote social well-being by creating safe and healthy living and working spaces for tenants and supporting local communities through philanthropic initiatives. In terms of governance, effective property management can ensure compliance with regulations, ethical business practices, and transparent reporting.

By prioritizing ESG considerations in property management and acquisitions, Summus Capital improves its overall sustainability performance, attracts socially responsible investors, and mitigates risks associated with environmental and social issues.

While other stages in the value chain, such as property acquisition and financing, may also present opportunities to align with ESG goals, the effective management of properties over time can have the most significant and long-lasting impact on a company's ESG performance.

ESG impacts our business

ESG topics can have a significant impact on Summus Capital's financial results and cash flows, both in the short and long term. Here are some ways in which the most important ESG effects can affect our financial performance:

- Reputational: A company with a strong reputation for sustainability and ethical business practices, attracts more customers and investors. A strong reputation enables us to attract top talent to provide better and more sustainable solutions to our talent. A good reputation among local communities enables us to develop new projects. Being an industry leader in the ESG area enables us to hold a reputable position among peers and to be a favoured partner to clients.
- Regulatory: The company complies with environmental and social regulations, which impacts its financial results, getting permits, which makes it easier to receive financing etc.

- Access to capital: Investors are increasingly considering ESG factors when making investment decisions. Companies that have a strong ESG performance have better access to capital and lower borrowing costs.
- Innovation and efficiency: A company that prioritizes ESG considerations is more innovative and efficient in its operations, leading to cost savings and improved financial performance.'

In the future, it is likely that ESG considerations will become even more important in supply chain management, as companies seek to meet the growing demand for sustainable products and services. This may involve using new technologies and materials, developing more efficient supply chain processes, and working closely with suppliers to improve their sustainability practices. Our future tenants expect us to provide them with sustainable real estate and we need to meet their demands to stay relevant and to do our part in helping the world tackle climate change.

The time frame for the ESG effects to manifest themselves can vary depending on the specific issue. For example, the negative environmental impact of a company's operations may become evident over a long period of time as the effects of pollution and resource depletion accumulate. Social issues, such as labor abuses or human rights violations, may have more immediate and visible impacts, but so far there were no issues related.

2022 in review and our sustainability impacts

67% of our portfolio is certified (LEED BREAM). In addition to the 67% of the portfolio that has already been completed, there is a target for 2023 to achieve certification for an additional 19% of the portfolio, which includes Auriga, Veerenni, and Depo properties. Once these properties are certified, the total gross leasable area (GLA) that has been certified will reach 85%. Damme property is currently in the process of preparing for certification, and it accounts for 7% of the portfolio. Our goal is to have 95% of the entire portfolio certified by 2025.

69% of electricity comes from renewable sources. However, due to high energy costs, we were not able to increase the renewable electricity percentage this year. Our plan is to reach at least 80% renewable electricity in the coming years, but we must wait for more favourable market prices.

40% of our properties use natural gas for heating of which 8% we can convert to central heating within a couple of years. Central heating in Tallinn will be carbon neutral by 2030 (source: Utilitas) and this means usage of renewable heating will improve significantly.

We measured and reported our Greenhouse Gas Protocol (GHG) Scope 1 and 2 for the first time in 2021. We will continue to measure and report this and will add scope 3 calculations to the scope in the coming years. We will also review the base year/measurement when we have more data since 2021 measurements were heavily impacted by Covid-19.

In 2023 we plan to focus on reducing energy consumption and analysing the possible opportunities and targets connected to it.

Lastly, we aim to implement an ESG reporting full format from the 2025 Annual Report, but we plan to do it earlier, as we have a substantive action plan in place and are making reasonable progress and actions.

Other noteworthy projects from 2022:

- First-time GRESB assessment was completed in 2022;
- We installed solar panels on the roof of the Veerenni Health Centre building in Tallinn;
- Riga Plaza lighting system was replaced with LED;
- We completed energy audits on all the assets in Estonia. This included making an action plan on improving the energy performance of the assets.

Summus Capital portfolio sustainability goals				
Metric	**2022**	**Base year 2021**	**Medium term 3+ years**	**Long term 7+ years**
Share of green electricity (% from total)	69%	65%	90%	90 per cent from used energy from renewable sources
Certification LEED or BREEAM (% of portfolio)	67%	17%	95%	95 per cent of portfolio is certified
Energy performance (kwh/m^2 per year)	224	251	150	Energy performance is close to 100, but there will be sector specific exemptions. For example retail and healhcare.
Total energy consumption (kwh)	50 002 208			
Including non-renewable sources (kwh)	added from 2023			
Including renewable sources (kwh)	added from 2023			
Carbon dioxide emission (tonnes)	20 471	18 528	11 200	Reduce carbon footprint significantly
Including gross Scope 1 GHG emissions (tonnes)	1 024			
Including gross Scope 2 GHG emissions (tonnes)	19 446			
GHG Intensity per square meter (tonnes per square meter)	0,092			
Green leases (%)	0%	0%	50%	Most of the new leases following sustainability and green principles
Green financing (%)	0%	0%	50%	Most of the financing can be defined as green
Customer satisfaction index (score of 1-100)	in process	n/a	80	Customer satisfaction index exceeding 80%. The survey carried out every 2 years
Employees satisfaction index (score of 1-100)	in process	n/a	80	Employees confidence index exceeding 80%
Suppliers screening (%)	in process	0%	90%	All strategic partners will be sustainability inspected and approved (at least 90%)
Share of green heating (% from total)	42%	0%	80%	80 per cent from used heating from renewable sources
Recycling of waste (%)	n/a	0%	50%	70 per cent of garbage is recycled

I MANAGEMENT REPORT

Our policies and actions

Climate change

Summus Capitals' direct impacts on climate change come from managing commercial real estate (use stage from the building's lifecycle). The buildings we own and manage generate CO2 emissions mainly from the direct energy used for heating, cooling, lighting etc. However, the greater part of emissions throughout the building's lifecycle is generated during construction and material sourcing and later from demolition and recycling, which from Summus Capital's perspective are indirect emissions. Since the end-of-life and construction phase have a larger impact, our strategy has been to acquire existing buildings, on which to improve energy efficiency. We believe through this we can have a greater impact on climate change. The exception in this case is BOD. BOD is a Hi-tech Industrial building situated in Lithuania. It boasts modern engineering equipment, including geothermal heating for premises and water heating, as well as advanced air conditioning and high-capacity ventilation systems. Additionally, the building is equipped with solar panels on the roof. In 2022, BOD obtained BREEAM certification, confirming its commitment to sustainability and environmental excellence.

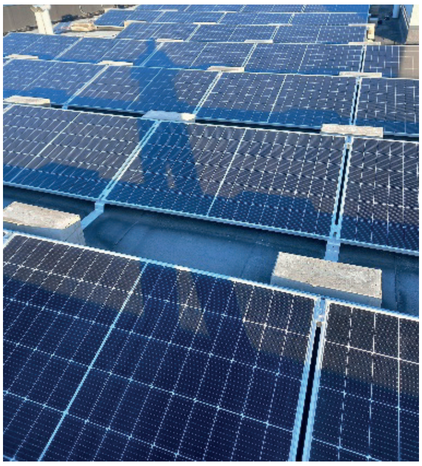
BOD group industrial building

Our policies and actions to address climate change:

- Energy efficiency: We invest in energy-efficient equipment and systems to reduce energy consumption in their buildings. This includes upgrading lighting (Riga Plaza lighting system was replaced), HVAC systems, and appliances, as well as improving insulation and weatherization. We have performed energy audits on all our Estonian properties and have an action plan for improving the energy efficiency of each property.
- Renewable energy: Summus Capital installs renewable energy systems, such as solar panels to generate clean energy on-site. A good example here is Veerenni Tervisekeskus.
- Waste reduction: Summus Capital implements recycling programs, and other waste reduction initiatives to minimize the amount of waste generated by their buildings.
- GHG emissions tracking and reduction: Summus Capital tracks its greenhouse gas emissions and set targets for reducing them over time. This involves monitoring energy use, transportation, and other sources of emissions and implementing measures to reduce them.

Highlights of the year

The Riga Plaza lighting upgrade replaced old lighting with energy-efficient LED lights. The energy usage difference between the old lighting system and the upgraded LED lights is significant. The old lighting system was consuming approximately 528837.8 kWh of electricity per year, while the LED lights are expected to reduce energy consumption by up to 44%. This translates to an estimated annual energy savings of 233126 kWh, resulting in reduced greenhouse gas emissions and lower electricity costs for the mall.



Solar panels on Veerenni Tervisekeskus property

Riga Plaza new LED lighting

Based on the energy audits conducted on Estonian assets, several action plans have been developed to reduce energy usage:

- Lighting Upgrade: Replace traditional incandescent bulbs with LED bulbs in all common areas and offices to reduce electricity consumption and extend the lifespan of the bulbs.
- HVAC System Optimization: Conduct regular maintenance and cleaning of HVAC systems to ensure they operate efficiently. Install programmable thermostats and sensors to optimize temperature control and minimize energy wastage.
- Insulation Improvement: Identify and seal air leaks in the building envelope, including doors, windows, and walls, to improve insulation and reduce heating and cooling losses.
- Energy-efficient Equipment: Replace outdated and energy-consuming equipment, such as old refrigerators, air conditioners, and boilers, with energy-efficient models to reduce electricity and gas consumption.
- Renewable Energy Integration: Install renewable energy systems, such as solar panels or geothermal heat pumps, to generate clean energy on-site and reduce dependence on fossil fuels.
- Behavioral Changes: Educate employees about energy-saving practices, such as turning off lights and electronics when not in use, closing windows and doors properly, and using natural light and ventilation whenever possible.
- Monitoring and Reporting: Implement an energy monitoring and reporting system to track energy consumption, identify patterns, and make data-driven decisions for further energy reduction measures.

When expanding to Latvian assets in the future, similar energy audits and action plans can be conducted to identify and implement energy-saving measures specific to the Latvian context, taking into consideration local regulations, climate conditions, and available energy resources.

A comprehensive risk analysis was conducted in 2022 to assess the usage of natural gas and associated hazards in various buildings, including the Veerenni Health Centre building. The risk analysis involved evaluating potential risks such as gas leaks, carbon monoxide emissions, fire hazards, and overall safety concerns.

The risk analysis included a thorough review of the existing natural gas infrastructure, including pipelines, meters, and appliances, as well as an assessment of the building's ventilation and safety systems. Additionally, data on historical incidents related to natural gas usage were analysed to identify any patterns or trends.

Based on the findings of the risk analysis, several changes were made to the buildings to mitigate the identified risks. For the Veerenni Tervisekeskus building, an investment was made to enable the building to switch to electricity as the primary source of energy in case of emergency.

The changes made to the buildings were designed to reduce the risk of gas-related incidents. Regular monitoring and reassessment of natural gas usage and associated risks will continue to be conducted to ensure.

Employees

Summus Capital is a company with a relatively small number of employees and relies on outsourcing to third-party service providers for its main workforce. This means that while our core team is responsible for managing and overseeing the business, the day-to-day operations and activities are carried out by our outsourced partners. This model allows us to be nimble and efficient while leveraging the expertise and capabilities of our partners to deliver high-quality services to our customers. Additionally, outsourcing can offer cost savings and flexibility, allowing us to scale up or down our operations as needed. However, managing third-party relationships requires careful attention and coordination to ensure that our partners align with our values and standards and that we maintain effective communication and collaboration.

It is important for Summus Capital to rely on outsourcing to ensure that its subcontractors are treating their employees fairly and ethically. This includes developing policies and commitments around providing adequate wages, benefits, and training for their employees, as well as implementing health and safety measures to protect their well-being.

Additionally, subcontractors are expected to adhere to ethical and legal standards in their business practices.

Regarding employees, Summus Capital has general principles around creating a positive work environment that supports employee well-being, growth, and development. This includes providing opportunities for career advancement, offering competitive compensation and benefits packages, and fostering a culture of open communication and collaboration. The company prioritizes diversity, equity, and inclusion in its hiring practices and aims to create a workplace that is welcoming and respectful to all employees.

Summus Capital's employee satisfaction survey is currently underway and is designed to be comprehensive, adhering to principles of anonymity, confidentiality, and inclusivity. It covers topics like work-life balance, compensation, career development, management support, and diversity. It uses rating scales, open-ended questions, and qualitative methods to gather feedback. Results will be analysed to identify areas for improvement and develop action plans to enhance employee satisfaction and engagement.

Diversity

Summus Capital has employees across a range of age groups, including younger workers who bring fresh perspectives and ideas, as well as more experienced workers who can provide mentorship and guidance to their colleagues. At the same time, like many other companies, Summus Capital has a higher percentage of employees in the 30-50 age range, which is associated with productivity, experience, and career development.

In terms of gender diversity, Summus Capital strives to have equal representation of men and women across all levels of the organization, this includes leadership positions.

Adequate wages

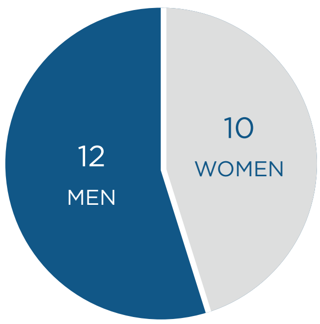
Our Management examines the average wage that other companies within the same industry are paying their employees for similar positions and responsibilities.

The company researches the relevant industry and looks at data from sources such as government statistics, industry publications, and salary surveys. This information can provide a benchmark to assess whether the wages being paid to employees are competitive and fair. With any new hiring market comparison is being made by using HR industry professionals.

Additionally, the company regularly reviews employee compensation and benefits to ensure that they remain competitive and fair in comparison to industry standards and to retain top talent. Employers also consider feedback from employees on their compensation and benefits to address any concerns and make improvements where necessary.

Age group	Men %	Women %	Total %
18-25	0%	5%	5%
26-33	9%	18%	27%
34-41	14%	9%	23%
42-49	9%	14%	23%
50-57	14%	9%	23%
Total	**45%**	**55%**	**100%**

Employee and subcontractor per age group



Number of employees by gender

Estonian	41%
Lithuanian	9%
Latvian	5%
Russian	45%
Total	**100%**

Native language spoken among employees

Training and skills development

There are various opportunities offered to employees for self-improvement, and two of the most common ones are individualized training plans, self-development, and team events.

Individualized training plans refer to customized learning programs created specifically for an employee based on their skills, goals, and the needs of the organization. These training plans include various methods of learning such as attending workshops, courses, online training, and mentoring programs. In some cases, personal coaching is provided.

Self-development and team events provide employees with opportunities to learn from one another, collaborate, and build relationships with colleagues. These events range from team-building exercises to group workshops, seminars, and conferences. They enable employees to develop a range of skills such as communication, leadership, problem-solving, phycology and teamwork, which are essential for their professional growth and advancement.

Health and safety indicators

Summus Capital provides a comfortable office environment for its employees with ergonomic furniture, good lighting, comfortable temperatures, and low noise levels. Employees have access to amenities such as a kitchen or break room, a nearby gym or exercise facility, and free snacks or drinks.

However, even in a comfortable office environment, there are still potential hazards that could arise, which is also relevant to subcontractors. Some possible hazards could include:

- Electrical hazards: Faulty wiring, overloaded power sockets, or exposed wiring can lead to electrical shocks or fires.
- Ergonomic hazards: Prolonged sitting or standing, improper posture, or repetitive motions can cause musculo-skeletal disorders, such as back pain, carpal tunnel syndrome, or tendonitis.
- Indoor air quality: Poor ventilation or exposure to pollutants, such as mold or chemicals from cleaning supplies,

can lead to respiratory problems or other health issues.
- Psychological hazards: High levels of stress, harassment, or bullying can negatively impact employees' mental health and well-being.

Summus Capital prioritazes the health and well-being of it´s employees. The company has partnered with Confido, a leading insurance provider in Baltics, to offer private health insurance to all team members. Overall, as an employer, Summus Capital identifies and addresses any potential hazards in the workplace to ensure the safety and well-being of its employees. This involves conducting regular safety inspections, providing training on safe work practices, and implementing policies and procedures to minimize the risk of accidents and injuries.

The key components of an occupational safety management system include:

- Policy: A written statement that outlines the organization's commitment to workplace safety and health.
- Planning: The identification and assessment of potential hazards in the workplace, as well as the development of strategies to mitigate these risks.
- Implementation: The deployment of the policies and procedures developed in the planning stage, including the allocation of resources, training of employees, and establishment of communication channels.
- Measurement and evaluation: The monitoring and measurement of the effectiveness of the OSMS in identifying and controlling workplace hazards.
- Review and improvement: A continuous process of reviewing and improving the OSMS to ensure its ongoing effectiveness and to adapt to changes in the workplace and the external environment.

Work-life balance

As Summus Capital employees are high achievers and result-oriented, we as an employer want to ensure that our employees have a good work-life balance.

Here are some ways Summus Capital helps its employees maintain work-life balance:

- Flexible Working Hours: this means allowing employees to work from home or offering part-time or job-share opportunities. A combination of office and the home office is allowed and mixing them is encouraged. Acrosswork-related teams communication is favoured.
- Paid Time-Off: Company pays employees paid time off for vacations, personal days, and holidays. Additionally, offering paid parental leave for new mothers and fathers.
- Wellness: Providing wellness financial support, such as paying part of gym memberships, and mental health support.
- Childcare Support: Summus Capital provides parental leave and a flexible schedule. Children and domestic animals are welcome in the office.
- Monitoring Leave: The company monitors employees' use of leave, such as parental or sick leave, to ensure that they are taking the necessary time off to rest and recharge.

Business conduct

The supplier screening process typically involves an evaluation of potential suppliers based on various criteria, including financial stability, quality of products or services offered, and compliance with ethical and sustainable sourcing practices. This process may include a review of supplier documentation, site visits, interviews with supplier representatives and gathering info from public and bought-in sources.

The company have established relationships with suppliers that have not yet developed ESG policies and practices, and it does not want to jeopardize those relationships by imposing new requirements. At the same time, the company considers commitments to reducing carbon emissions, ensuring fair labor practices, and avoiding conflicts of interest.

Payment behaviour towards suppliers can vary depending on the terms of the agreement between the two parties. At the same time, it is important for the company to communicate their payment policies clearly to suppliers and to honor these commitments to maintain positive relationships.

These requirements are included in supplier codes of conduct or other agreements between the organization and its suppliers.

Anti-money laundering (AML)

Overall, AML procedures are a critical aspect of processes within the Summus Capital portfolio, as they help to prevent the company from being used to facilitate financial crime and protect the company's reputation and financial stability.

The procedures Summus Capital applies are;

- Customer Due Diligence (CDD): This involves identifying and verifying the identities of customers, including buyers, sellers, tenants, and contractors, and assessing the level of risk they pose for potential money laundering or terrorist financing.
- Enhanced Due Diligence (EDD): For higher-risk customers, such as politically exposed persons (PEPs) or customers with unusual transaction patterns, the company conducts additional due diligence measures to obtain a deeper understanding of the customer's background and the nature of the business relationship.
- Suspicious Activity Monitoring: The company has procedures in place to monitor transactions and other activities for signs of suspicious behaviour, such as unusual transaction patterns or unexplained sources of funds.
- Internal Controls: The company established internal controls to ensure compliance with AML laws and regulations, including training employees on AML procedures, appointing a compliance officer, and conducting periodic risk assessments.

- Record Keeping: The company keeps detailed records of transactions and other activities related to its real estate management services, including customer identification and verification information, transactional records, and copies of identification documents.
- Reporting: If the company identifies suspicious activity, it reports this to the relevant authorities, such as law enforcement or financial intelligence units.

Summary

The world is facing an unprecedented set of challenges, including the urgent need to combat climate change and promote sustainable economic growth while ensuring economic safety for people around the globe. At Summus Capital, we recognize the gravity of these challenges and are committed to doing our part to help address them.

As a responsible corporate citizen, we are committed to improving our environmental performance and minimizing our ecological footprint. We strive to reduce our energy consumption, greenhouse gas emissions, and waste production across our operations, including our offices and investment portfolios. We continuously assess and report on our environmental performance to identify areas where we can improve and optimize our impact.

In addition to our environmental commitment, we are equally dedicated to conducting our business ethically and with integrity. We adhere to the highest standards of corporate governance and transparency, ensuring that our investors, partners, and stakeholders can trust our business practices and decision-making processes.

We also prioritize providing an attractive workplace for our employees, fostering a culture of inclusion, diversity, and collaboration. We recognize that our people are our greatest asset and strive to create a supportive, dynamic, and engaging work environment that fosters growth, learning, and innovation.

As part of our commitment to promoting sustainable economic growth, we actively seek out investment opportunities that align with our values and mission. We invest in properties that demonstrate a clear commitment to environmental sustainability, social responsibility, and good governance, and actively engage with portfolio assets to promote positive change and progress towards these goals.

Ultimately, we believe that by working together and taking bold action, we can create a better, more sustainable future for ourselves and future generations. We encourage others to join us in this mission and to make a commitment to sustainable growth, environmental responsibility, and ethical business practices.

7. MARKET OVERVIEW. WINDOWS OF OPPORTUNITY RATHER THAN WIDESPREAD DISTRESS

ESTONIA 2022 Q4

	CURRENT	PREVIOUS	REFERENCE
GDP annual growth rate	-1.6%	0.6%	Dec 22
Unemployment	5.4%	5.6%	Dec 22
Annual Inflation rate	17.6%	23.7%	Dec 22
Business confidence	80.2	82.6	Dec 22
Consumer confidence	-35.8	-37.1	Dec 22
Retail sales*	7.3%	-5.8%	Dec 22
Country rating (S&P)	AA- (negative outlook)		2022

LATVIA 2022 Q4

	CURRENT	PREVIOUS	REFERENCE
GDP annual growth rate	0.3%	-0.6%	Dec 22
Unemployment	6.7%	6.9%	Dec 22
Annual Inflation rate	20.8%	22.2%	Dec 22
Business confidence	-13.6	-11.4	Dec 22
Consumer confidence	-35.6	-28.5	Dec 22
Retail sales*	-2.8%	1.2%	Dec 22
Country rating (S&P)	A+ (negative outlook)		2022

LITHUANIA 2022 Q4

	CURRENT	PREVIOUS	REFERENCE
GDP annual growth rate	-0.4%	1.8%	Dec 22
Unemployment	8.9%	8.3%	Dec 22
Annual Inflation rate	21.7%	24.1%	Dec 22
Business confidence	-24.1	-13.2	Dec 22
Consumer confidence	-8	-17	Dec 22
Retail sales*	10.7%	-5.5%	Dec 22
Country rating (S&P)	A+ (negative outlook)		2022

** retail sales month-on-month change*

***all indicators compared to previous quarter*

Sources: country central statistics departments, Trading Economics

MACRO ECONOMICS 2022 Q4

- Inflation has peaked and is expected to decline in 2023
- Economic growth in the Baltics has stalled
- Manufacturing is already in recession
- Consumers continue to spend despite high inflation
- Higher interest rates will affect construction and housing market
- The labor market in the Baltics has remained resilient, despite slowing economic growth
- The economic situation in the Baltic states remains uncertain.

2022 Q4 Rent rates and vacancies

	TALLINN	RIGA	VILNIUS	BALTIC FORECAST
Rent*(€ per sqm)				
Top rent	16.4-23.5	14-18	18-20	→ ↗
A-class	16.4-22	14-16	16.0-18.5	→ ↗
B-class	11-17.5	9-14	12-14.5	→ →
Vacancy (%)				
Average	6.5%	10.6%	6.7%	↗ ↗

*average rent rates, +/- 5% deviation

OFFICE MARKET

- Take-up figures remained at typical levels despite slow start of the year
- Companies are paying increasing attention to energy-efficient, certified buildings that reduce utility expenses
- In Vilnius average vacancy decreased from 7.5% to 6.7%. The demand for new spaces is still quite high due to foreign businesses migrating to Vilnius from Ukraine and Belarus
- Most of offices delivered in Q4 in Tallinn have been almost fully pre-leased
- At the end of 2022 in Riga construction continued in six class A and in three class B offices, in total reaching almost 120 th m2 of new supply forecasted to raise vacancy in A class up to 25%
- Cooldown of economic activity is reducing recruitment activity during upcoming months and therefore lowering demand for new offices is expected.

2022 Q4 Rent rates and vacancies

	TALLINN	RIGA	VILNIUS	BALTIC FORECAST
Rent*(€ per sqm)				
Anchors	9-13	9-15	6-14	→ →
Large units	10-16	16-25	12-28	→ →
Medium units	11-30	23-27	13-35	→ ↗
Small units	18-50	28-50	20-65	→ ↘
Average vacancy*, %	4%	9%	2.8%	→ →

RETAIL MARKET

- Consumers are postponing larger purchases into future due to acceleration of prices
- Retail segment in Riga was very pessimistic in Q4 2022. It struggled the most, especially fashion industry
- There is still a demand for retail and entertainment centres located close to residential areas
- Biggest retailers start advance negotiations on waving or lowering indexation of rents.

2022 Q4 Rent rates and vacancies

	TALLINN	RIGA	VILNIUS	BALTIC FORECAST
Rent*(€ per sqm)				
Modern warehouses	5.0-6.5	4.5-5.5	4.5-5.2	→ ↗
Stock offices	6.5-8.1	6.0-8.0	6.5-10	→ →
Vacancy, %				
Modern warehouses	4%	3.6%	0.5%	↗ →
Stock Offices	4%	10%	11.2%	↗ →

*average rent rates, +/- 5% deviation

INDUSTRIAL & LOGISTICS

- Warehouses stay full as people buy less
- As consumption is forecasted to drop in 2023 therefore reducing volume of goods, demand for new warehouses and stock office may decline
- Riga market was stable, no significant changes in rent rates. In Q4 2022 two objects were delivered – 10 th m^2 warehouse in Ķengarags and 7 th m^2 Green Park III. Overall market vacancy has slightly decreased
- Vilnius experienced the lack of modern logistics facilities. Lease process of stock-office projects has been slow and the segment is picking up slower than expected
- One stock office project was delivered in Tallinn.

I MANAGEMENT REPORT

2022 Q4 Yield rates

	TALLINN	RIGA	VILNIUS	BALTIC FORECAST
Office	5.8-6%	5.8-6.25%	5.8-6%	↗ →
Retail	7-7.25%	7.2-7.25%	7-7.25%	↗ →
Industrial&Logistics	6.75-7.25%	6.75-7%	6.75-7.25%	↗ →
Residential scheme	5.50%	6.00%	5.50%	→ →

INVESTMENT MARKET

- Total annual investment in the Baltics returned to typical volumes in 2022
- It is still geopolitically safe in Baltics, but investment strategies has shifted
- In Q4, total investment volume reached EUR 95 million in Latvia, more than EUR 170 million in Lithuania and more than EUR 74 million in Estonia.
- Q4 is marked with the largest deal of the year in Latvia – the acquisition of Place Eleven (Class A office building in Skanste) for EUR 53 million
- The slowdown in real investment activity will continue throughout at least H1 2023
- Pricing recalibration due to increasing interest rates before stabilization is expected in 2023
- A wait-and-expect-a-better-price attitude from investors
- Banks becoming more cautious, tightening their lending standards changed their view on property prices.

2022 Q4

	TALLINN	RIGA	VILNIUS	BALTIC FORECAST
Residential (new construction) average selling price, € per sqm	3 835	2 570	3 188	→ →
Residential (new construction) yield, city center	5.5%	n/a	5.5%	→ →
Annual apartment (new construction) price change, %	1.9%	5%	28%	↘ →
Average residential (new construction) rent rate, EUR	16.8	18.0	18.1	→ →
Average occupancy (international hotels), %	60.2%	67.6%	72.1%	↗ ↘
ADR, € (international hotels)	79.27	72.87	67.86	↘ ↗
Hotel room stock	7 844	8 094	5 788	→ →
AIRBNB ADR, €	72	57	59	→ ↗
AIRBNB occupancy, %	68%	69%	69%	→ ↘
Active rentals	1 642	1 725	1 449	→ ↗

OTHER

- Increase of interest rates and prices has directly affected residential market and has caused steep decline in number of transactions in Baltics although prices have stayed relatively stable so far
- In Q4 further increase of construction prices caused significant price rise of new apartments in construction and developing stage in Riga
- Vilnius's primary housing market in Q4 was more active than Q3. The secondary market transactions were dominating the housing market at the end of the year
- Market was waiting for a new heating season to force sellers to decrease prices to fasten the sales
- AirBNB occupancy and average rates tend to stagnate.

KEY TAKES & CONCERNS

- Slow growth in the previous years softens possible drop in the activities and cash flows
- Expected rent indexation partly shall compensate the increased weighted cost of capital thus preventing significant drop in property values
- Due to relatively low liquidity the market is slow to react to changing debt financing environment
- Retail remains attractive for investment due to stable demand comparing to offices that experience hidden vacancy.

8. PORTFOLIO OVERVIEW

Portfolio based on **mixed use and diversification**

Growth company with resilient tenant base

SUSTAINABLE GROWTH

Sustainable **open-ended** investment and management strategy

Strong commercial real estate portfolio with **focus on Baltics**

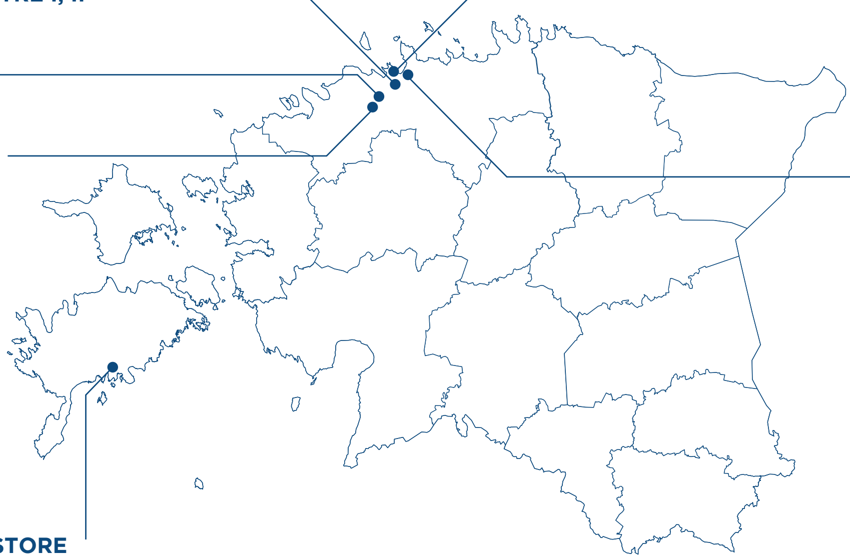
Majority of portfolio comprised of **green assets**

EXECUTIVE SUMMARY

Focus	commercial real estate in Baltic
Market segment	retail, office, logistic, medical
Number of properties	14
Market value	397,7 MEUR (year end revaluation)
NOI	15,1 MEUR
Portfolio yield	7,4%
Dividend yield	8,1%
ROIC	15,3 %

LOCATION

ESTONIA



DELAGARDIE DEPARTMENT STORE
– Viru 13,15

VEERENNI HEALTH CENTRE I; II
– Veerenni 53a

STORA ENSO
– Piirimäe 10/10a, Tänassilma

MEDIQ WAREHOUSE
– Väljaotsa 2, Saue

WAREHOUSE
– Punane 56 and 56b

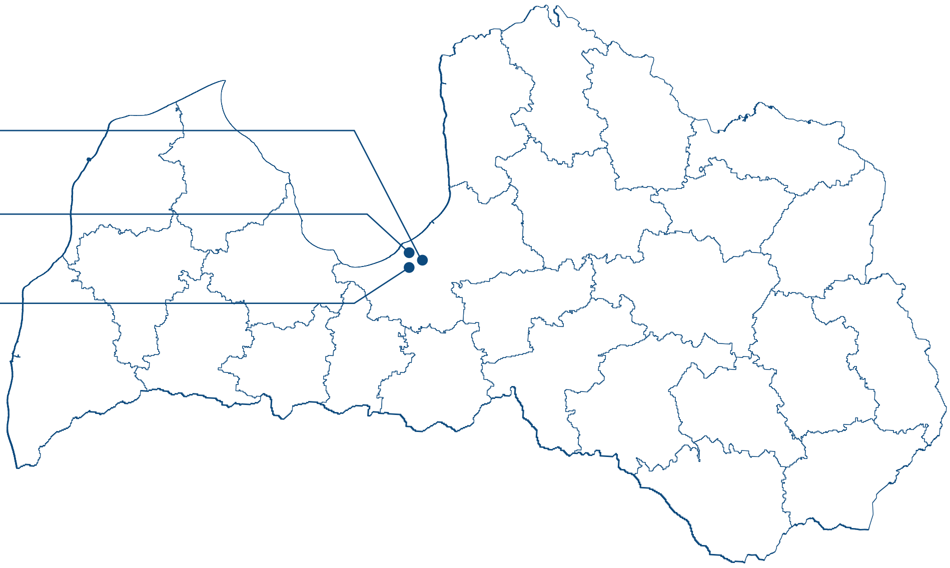
AURIGA DEPARTMENT STORE
- Tallinna tn. 88, Saare maakond

LATVIA

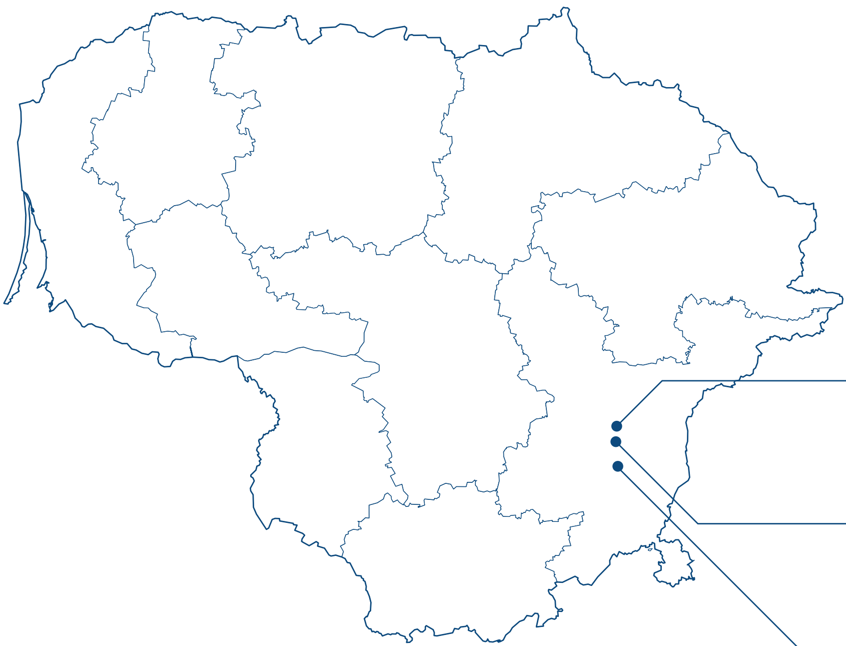
DEPO DIY IMANTA
– Kurzemes 3B, Riga

DAMME SHOPPING CENTRE
- Kurzemes prospekts 1A, Riga

RIGA PLAZA SHOPPING CENTRE
- Mūkusalas 71, Riga



LITHUANIA



BOD
- Mokslininkų g. 6a, Vilnius

PARKTOWNV I; II
- Lvovo g. 105A, Vilnius

NORDIKA DEPARTMENT STORE
- Vikingų g. 3, Vilnius

PORTFOLIO OVERVIEW

Lettable area	218 354 m
Number of tenants	396
WAULT	4,4
Anchor tenants WAULT	5,53 %
LTV (senior debt)	53,9%
Cost of senior debt weighted avg (excl. Euribor)	3,8 %
Portfolio vacancy	3,1 %
Average maturity of senior debt	3,5
LTV at average senior debt maturity	46,5 %
Certified area (m²) of portfolio	68,2 %
Certification (m²) is in the process	18,2 %

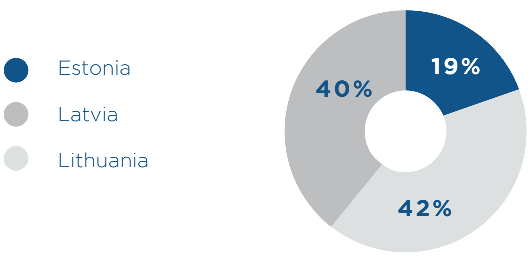
** BC – Business Centre, DIY – Do it Yourself, SC – Shopping Centre, TC- Technology Centre*

PORTFOLIO

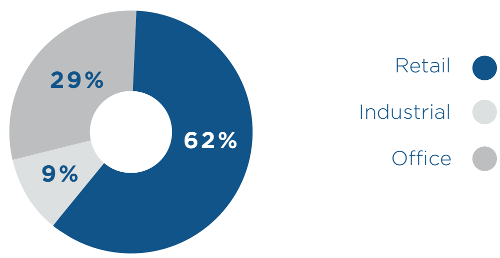
Existing properties*	**NLA m²**
De La Gardie SC, Tallinn	2 078
Warehouse portfolio, Estonia	9 258
Auriga SC, Kuressaare	13 713
Punane 56 BC, Tallinn	4 667
Veerenni 2 BC, Tallinn	6 603
Nordika SC, Vilnius	10 037
BOD TC, Vilnius	35 635
Park Town West Hill BC, Vilnius	30 189
Park Town East Hill BC, Vilnius	6 890
Riga Plaza SC, Riga	15 086
Veerenni BC, Tallinn	51 076
Depo DIY, Riga	19 412
Damme SC, Riga	13 710
Total:	**218 354**

PORTFOLIO OVERVIEW

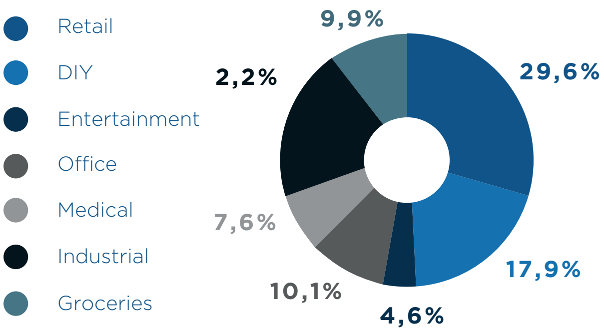
INVESTMENT ALLOCATION BY COUNTRY



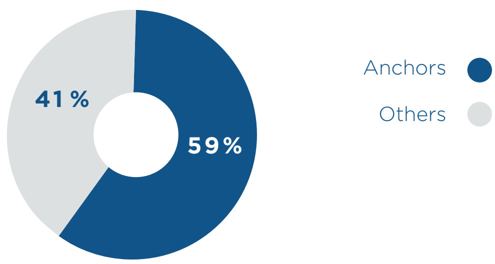
INVESTMENT VOLUME BY SECTOR



LEASABLE SPACE BY SECTOR



ANCHOR TENANTS SHARE IN PORTFOLIO MONTHLY INCOME



PORTFOLIO INVESTMENTS

DAMME
Riga, Latvia

Damme shopping centre is located at Kurzeme Avenue, Imanta, which is the third largest neighbourhood in Riga in terms of population. Damme is the leading shopping centre in the area with the total area of 16,000 m2 and its largest tenant is Rimi Hyper. The stores are providing a diverse and comprehensive offer for everyone - everyday shopping, fashion stores and catering opportunities.

DE LA GARDIE SHOPPING CENTRE
Tallinn, Estonia

De La Gardie shopping centre was constructed in 2000 and is situated in one the busiest retail streets in Tallinn's Old Town, which is very popular amongst tourists. Being located just 200 metres from the official centre of Tallinn - Viru Square - the property enjoys its location with the vicinity of dozens of hotels, shopping centres and offices.

VEERENNI 1
Tallinn, Estonia

Veerenni is the biggest private medical centre in Estonia, one which brings various health segment companies under one roof. This is the first part of a larger cluster which serves to bring together a variety of medical services from occupational health to surgery. Good quality tenants and leases make it a high-quality investment. It is a modern building, one which has been in operation since 2017 and is located in the central district of Tallinn.

NORDIKA
Vilnius, Lithuania

NORDIKA shopping centre was opened at the end of 2015. It is the only shopping mall in the southern area of Vilnius with its own large parking area including 1,320 spaces. The shopping centre has more than sixty retailers, services and restaurants, generating an average of 13,000 visitors per day. This is the first shopping mall on the route from the airport that attracts more and more international customers.

AURIGA
Saaremaa, Estonia

Auriga Centre is the largest shopping centre in Saaremaa, located at the city's entrance at the most significant intersection in Saare County. Auriga Centre was opened to the public in October 2008 and has become the most highly visited centre due to its large selection of shops and entertainment possibilities.

THE PARK TOWN WEST HILL
Vilnius, Lithuania

PARK TOWN West Hill business centre is located in the prime area of Vilnius CBD. It enjoys excellent views and accessibility and a location in a prime neighbourhood. PARK TOWN WEST HILL property is the part of PARK TOWN business centre. This business centre consists of two seven storeys of office space for modern businesses working in the modern world.

THE PARK TOWN EAST HILL
Vilnius, Lithuania

PARK TOWN East Hill, together with PARK TOWN West Hill comprise a single business centre within the surrounding park area in Vilnius CBD. The business centre consists of two seven-storey BREEAM certified office buildings and is one of the most advanced Class A offices in Vilnius with an exceptional environment and smart technical and engineering solutions. The buildings are fully-fitted for office purposes so that its tenants can fully enjoy the workspace.

VEERENNI 2
Tallinn, Estonia

Veerenni 2 is the second phase of the Veerenni private medical centre cluster, which is located opposite the first phase of the Veerenni project. Veerenni is the largest private medical centre in Estonia, which brings various companies in the healthcare segment under one roof. The centre is commissioned in autumn of 2020.

RIGA PLAZA

Riga, Latvia

Built in 2009, Riga Plaza is currently the fourth largest shopping centre in Riga. Strategically located just 5 km from Riga Old Town in actively developing leisure and business district with excellent accessibility. Riga Plaza earned over the years a stable loyal customer base with ca 5 million visitors annually. Riga Plaza has over 170 retail units with a strong mix of national and international anchor tenants and strong entertainment and food and beverage offer with an opportunity to enlarge and modernize the current entertainment areas.

PUNANE 56

Tallinn, Estonia

This multifunctional business complex has a stock-office, office and retail premises and is situated on Punane Street, one of the most active business areas in Lasnamäe district (the most densely-populated district in Tallinn). The location is good for retail/office/light industrial spaces, i.e. specialised retail tenants.

BOD GROUP

Vilnius, Lithuania

The BOD Group High Technology Centre is located in the northern area of Vilnius, in Visoriai Information Technology Park. In 2013, when it was built, the factory building was classed as being the most energy-efficient industrial building in Europe by the German Chamber of Commerce. The BOD Group itself is the largest industrially recorded CD, DVD, and Blu-Ray manufacturer in the Baltic States. The group consists of several manufacturers.

PROPERTY OF DEPO IMANTA DIY STORE

Riga, Latvia

The property of DEPO Imanta DIY store in Riga was built in 2021 and is located in a visible and accessible area, which is the main shopping area of Imanta district. The store is easily reachable from the city centre by public and private transport. It is close to the highway, which allows you to reach Riga, Jūrmala, Tukums, Talsi and many other destinations. The building has been built as a sustainable property, considering environmental impact. The long-term tenant of the building is DEPO, the leading DIY chain in the Baltics.

WAREHOUSE PROPERTIES
Tallinn, Estonia

The portfolio of two industrial/warehouse properties: both properties are strategically well located, well-functioning and well-known amongst industrial parks.

The properties are fully leased to internationally well-known, strong tenants: Stora Enso Packaging AS and Mediq Eesti OÜ. Both lease agreements are on triple-net conditions.

9. OVERVIEW OF EXPECTED DEVELOPMENTS IN THE NEXT FINANCIAL YEAR

In 2023 the Group plans to continue its current operations. The focus with the existing properties will be on pro-active communication with tenants, development of the tenant portfolio, especially in properties with vacancies and execution of the Group's ESG plan. The Group will keep a close eye on the market developments and, should suitable opportunities arise, may consider investments into expansion of existing properties as well as further expansion of the portfolio via the acquisition of new properties. At the same time, in case of lucrative offers, the disposal of the existing properties can be considered.

The management assesses that the Group will continue to operate and develop over the next 12 months and beyond. The management will continue to monitor potential changes in the environment on an ongoing basis and implement measures to mitigate any adverse effects. The owner is actively involved in decision-making.

II CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR)	Note	31.12.2022	31.12.2021
Current assets			
Cash and cash equivalents		16,407,648	15,086,089
Other short-term financial assets	8	0	10,035,749
Customer receivables and other receivables	9	5,584,792	3,942,180
Prepayments	10	163,878	162,619
Loans granted		0	0
Inventories		3,337	2,913
Total current assets		**22,159,655**	**29,902,700**
Non-current assets			
Prepayments	10	63,360	321,198
Financial assets from derivative instruments	18	6,980,358	0
Loans granted		0	96,000
Tangible assets	11	2,183,114	2,268,186
Intangible assets and goodwill	11	0	3,178,295
Real estate investments	12	397,697,082	370,968,082
Total fixed assets		**406,923,914**	**376,831,761**
Total assets		**429,083,569**	**406,734,461**
Liabilities			
Lease obligations	7	35,989	316,228
Payables to suppliers and other payables	13	5,282,405	7,112,805
Loans and borrowings	15	8,444,141	41,579,118
Tax debts	17	550,537	741,612
Liabilities from derivative instruments	18	76,835	772,824
Total current liabilities		**14,389,908**	**50,522,587**
Deferred income tax liabilities	17	9,699,343	8,543,408
Lease obligations	7	2,216,966	2,253,008
Provisions	14	5,935,177	0
Loans and borrowings	15	217,488,175	169,205,241
Liabilities from derivative instruments	18	0	2,418,784
Total long-term liabilities		**235,339,660**	**182,420,441**
Total liabilities		**249,729,568**	**232,943,027**
Owner's equity			
Share capital	19	1,200,000	1,200,000
Voluntary reserve	29	78,913,462	78,913,462
Subordinated loan	29	23,998,259	27,594,495
Retained earnings (loss)		66,335,644	57,051,685
Equity attributable to the shareholders of the parent company		**170,447,364**	**165,432,795**
Non-controlling interest		**8,906,637**	**8,358,639**
Total owners' equity		**179,354,001**	**173,791,434**
Total liabilities and owners' equity		**429,083,569**	**406,734,461**

The notes on pages 36 to 67 to the consolidated financial statements form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(EUR)	Note	2022	2021
Sales revenue	20	39,037,566	29,251,767
Other revenue	22	3,267,006	15,592,841
Goods, raw materials, and services	21	-14,068,700	-8,832,721
Other operating expenses	24	-7,633,525	-4 442 329
Labor costs	25	-143,637	-180,318
Depreciation of non-current assets and decrease in value	11	-3 273 445	-83,779
Other operating expenses	22	-7,788,146	-429,085
Operating profit (loss)		**9,397,119**	**31,549,526**
Profit (loss) from subsidiaries	23	3,799,977	1,467,502
Interest income		0	23,092
Interest expenses	26	-7,881,488	-9,034,983
Other financial income and expenses	27	10,441,655	2,186,003
Profit (loss) before income tax		**15,757,264**	**26,191,139**
Income tax	17,30	-1,255,339	-1,083,000
Net profit (loss) for the financial year		**14,501,925**	**25,108,140**
Share of net profit of the owners of the parent company		13,953,927	22,551,776
Share of net profit of non-controlling interest		547,998	1,883,214
Comprehensive income (loss) of the financial period			
Share of comprehesive income of owners of the parent company		13,953,927	22,551,776
Share of non-controlling holding of comprehensive income		547,998	1,883,214

The notes on pages 36 to 67 to the consolidated financial statements form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(EUR)	Note	2022	2021
Cash flow from operating activities			
Operating profit (loss)		**9,397,119**	**31,549,526**
Adjustments			
Depreciation of non-current assets and decrease in value		3,263,367	89,814
Gain in fair value of investment property	12, 22	5,362,763	-13,896,034
Other adjustments	8	10,250,854	-53,763
Total adjustments		**28,274,103**	**-13,859,983**
Change of inventories		-424	69
Change in receivables related to operating activities		1,988,439	-2,634,835
Change in liabilities related to operating activities		3,606,752	4,414,563
Total cash flow from operating activities		**33,868,871**	**19,469,340**
Cash flow from investment activities			
Paid at acquisition of investment properties	12	-1,001,762	0
Received from the sale of investment properties	12	1,690,000	0
Addition of cash balance on the acquisition of subsidiaries and business activities		0	365,696
Decrease in cash balance on the transfer of subsidiaries and business activities		0	-1,052,920
Net cash flow from the acquisition of subsidiaries and business activities	12	-15,656,985	-12,748,992
Received from the sale of subsidiaries		0	2,500
Received upon the sale of tangible and intangible assets		0	52,299
Granted loans	9	-3,000,000	-1,510,000
Repayment of loans granted	7	96,000	1,527,194
Total cash flow from investment activities		**-17,872,748**	**-13,364,223**
Cash flow from financing activities			
Loans received		68,223,344	58,925,000
Repayment of loans received		-68,669,492	-55,123,461
Interests paid		-11,906,111	-7,430,187
Dividends paid		-2,378,190	0
Capital lease repayments		-316,281	0
Received on share capital increase		0	1,132,500
Total cash flows from financing activities		**-14,695,896**	**-2 496 148**
Total cash flow		**1,300,227**	**3,608,968**
Cash and cash equivalents at the beginning of the reporting period		15,086,089	11,477,121
Cash and cash equivalents at the end of the reporting period		**16,407,648**	**15,086,089**

The notes on pages 36 to 67 to the consolidated financial statements form an integral part of these consolidated financial statements.

In the cash flow statement, other adjustments of 10,035,749 euros are related to the money on the Escrow account, which as of 31.12.2021, was recorded as short-term financing, when in 2022, the investment was reclassified back to the composition of cash and cash equivalents.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR)	Share capital	Voluntary legal reserve	Subordinated loan	Retained earnings (loss)	Total	Non-con-trolling interest	Total shareholder's equity
Balance as of 31.12.2020	**67,500**	**0**	**0**	**36,443,673**	**36,511,173**	**6,628,986**	**43,140,159**
Profit (loss) for the period				-757 488	-757 488	-153 561	-911 049
Other changes in equity							
Transactions with company owners					**1,132,500**		**1,132,500**
Increase of share capital	1,132,500				78,913,462		78,913,462
Formation of voluntary legal reserve		78,913,462	27,594,495		27,594,495		27,594,495
Subordination of loan obligations				-1,186,273	-1,186,273		-1,186,273
Interest calculated on subordinated loans			27,594,495	-1,186,273	106,454,184		106,454,184
Transactions with company owners in total	**1,132,500**	**78,913,462**	**27,594,495**	**57,051,685**	**164,759,642**	**8,358,639**	**173,118,281**
Balance as of 31.12.2021	**1,200,000**	**78,913,462**		**13,953,980**	**13,953,980**	**547,998**	**14,501,978**
Profit (loss) for the period				-20,638	-20,638		-20,638
Other changes in equity							
Transactions with company owners				**-2,788,650**	**-2,788,650**		**-2,788,650**
Declared dividends			2,165,734		2,165,734		2,165,734
Subordination of loan obligations			-5,761,970		-5,761,970		-5,761,970,
Payment of subordinated loan obligations							
Interest calculated on subordinated loans				-1,860,734	-1,860,734		-1,860,734
Transactions with company owners in total			**-3,596,236,**	**-4,649,384**	**-2,483,650**		**-2,483,650**
Balance as of 31.12.2022	**1,200,000**	**78,913,462**	**23,998,259**	**66,335,644**	**170,447,365**	**8,906,637**	**179,354,001**

In 2021, the share capital was increased from 67,500 euros to 1,200,000 euros with a monetary contribution, the owners' loans in the amount of 78,913,462 euros were turned into a voluntary reserve, and the remaining loans of 27,594,495 euros from the owners and other related parties were turned into subordinated liabilities and are now recognized in the composition of equity. The balance of subordinated loans in 2022 is 23,998,259 euros (see Note 29). Subordinated loans are classified as equity instruments because subordinated loans do not result in a contractual obligation to pay lenders the agreed amount of money or other financial assets.

The notes on pages 36 to 67 to the consolidated financial statements form an integral part of these consolidated finan- cial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. GENERAL INFORMATION

Summus Capital OÜ (hereinafter also the parent company or Company) is a company established in the Republic of Estonia in 22.04.2015. The registered address of the parent company is Rotermanni tn 2-3b, Tallinn 10111, Republic of Estonia. In addition to Estonia, the Company operates through subsidiaries actively also in Latvia and Lithuania.

The consolidated report of Summus Capital OÜ for the fiscal year ended 31.12.2022 include the parent company and its subsidiaries (hereinafter the Group). The main activities of the Group are the leasing of real estate.

On the reporting date, Summus Capital OÜ had a holding in the following subsidiaries:

Name	Country of location	Share capital (in nominal value)	Equity 31.12.2022	Group participation 31.12.2022	Group participation 31.12.2021
Lepidus Invest OÜ	Estonia	2,500	-2 437 035	99%	99%
Votum Invest OÜ	Estonia	2,500	1,690,601	99%	99%
Princepts Capital OÜ	Estonia	2,500	379,694	99%	99%
Voluntas Invest OÜ	Estonia	2,500	-117,283	99%	99%
Veerenni Tervisekeskus OÜ	Estonia	2,500	2,667,340	99%	99%
Procedo Capital OÜ	Estonia	2,500	25,459	99%	99%
UAB Viking 3, including its subsidiaries	Lithuania	8,000,000	34,551,846	89%	89%
UAB Nordika Prekybos sienis	Lithuania	2,005,524	25,452,294	100%	100%
UAB PT Vakarai	Lithuania	2,000,000	3,411,678	100%	100%
UAB PT Rytai	Lithuania	4,000,000	6,166,046	100%	100%
UAB Zenith Turto Valdymas	Lithuania	2,050,000	4,898,323	100%	100%
Viking 2 SIA, including its subsidiaries	Latvia	1,402,800	38,523,357	100%	100%
DIP2 SIA	Latvia	0	0	0%	0%
D Imanta Project SIA	Latvia	0	0	0%	100%
SIA Parupes Bumani	Latvia	2,700,00	2,692,575	100%	100%
RCH Management SIA	Latvia	10,533,706	4,503,479	100%	0%
Loft Office SIA, including its subsidiaries	Latvia	2,800	11,399,884	89%	44.5%
LSREF3 Riga Plaza SIA, including its subsidiary	Latvia	5,504,800	22,604,473	100%	98%
PLP SIA	Latvia	1,428,064	1,146,277	100%	100%

On 27.01.2022, the group's subsidiary Vikingi 2 SIA established a 100% subsidiary DIP2 SIA.

On 21.04.2022, the group acquired a 100% holding in RCH Management SIA, the company that owns shopping center Damme in Riga. The acquirer was DIP2 SIA, a subsidiary of Summus Capital OÜ. It was a business combination between unrelated parties that was recognized using the purchase method. During the acquisition of RCH Management SIA, a negative goodwill in the amount of 3,799,976 euros arose and it is recognized in the profit and loss statement on the line "Profit (loss) from subsidiaries" (Note 23).

On 06.11.2022, the group's subsidiary D Imanta Project SIA (reg. no: 40203271584) was merged with its subsidiary SIA Parupes Bumani (reg. no: 40103850793) which owns its Depo Imanta real estate.

On 24.11.2022, the group's subsidiary DIP2 SIA (reg. no: 40203379837) was merged with its subsidiary SIA RCH Management (reg. no: 40103664768), which owns Damme shopping center.

NOTE 2. BASIS FOR PREPARING THE REPORTS

The Report of the Group for the fiscal year ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. These consolidated report are the second IFRS consolidated report of the Group.

The accounting and reporting principles described have been applied consistently to all periods presented.

These consolidated report have been approved by the group's management board on April 29, 2023. Pursuant to the Commercial Code, the annual report is approved by the shareholders' meeting. The shareholders' meeting has the right not to approve the annual report prepared and submitted by the management board and to demand that the management board prepare a new annual report and submit it to the shareholders' meeting. The supervisory board of the private limited Company must attach an opinion of the supervisory council to the report.

Assessment of the continuity of operations

The Group's management has assessed the future consolidated financial position and future consolidated financial results and cash flows and has come to the conclusion that the application of the assumption continuity of operation is appropriate.

NOTE 3. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The Group's functional and presentation currency is the euro. These consolidated Report are presented in euros.

NOTE 4. SIGNIFICANT ACCOUNTING ESTIMATES AND DECISIONS

In preparing the Report, the Management Board has used estimates and decisions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates are recognized prospectively.

Significant decisions

The disclosures made in applying the accounting policies that have the greatest effect on the amounts recognized in the report are set out below:

- In 2020, the Group acquired a 44.5% holding in SIA LSREF3 Riga Plaza. As part of the transaction, the Group signed a forward contract, according to which the Group acquired an additional 44.5% holding in SIA LSREF3 Riga Plaza in 2022 at a specified price.

Assumptions and estimation uncertainties

Information about the uncertainty of assumptions and estimates at the reporting date, which has a significant risk of a significant adjustment of the carrying amount of assets and liabilities in the next financial year, is presented in the following notes:

- Determining the fair value of investment property (Note 12) Real estate investments are valued at their fair value as of each reporting date. When determining the fair value of a real estate investment, in addition to the management's assessment, the expert opinion of independently certified appraisers is used. The income method is mainly used to determine the fair value. The assessment methods are described in more detail in Notes 6 and 12.
- Goodwill recoverable amount test: key assumptions underlying recoverable amount (11) The recoverable amount of goodwill is tested using a number of management board's estimates of cash flows from the use and sale of assets, inflation, and growth rates. Estimates are based on forecasts of the general economic environment. If the situation changes in the future, this may lead to additional depreciation or partial or complete cancellation of previously made depreciations. Goodwill is allocated to cash-generating units, and a cash-generating unit value test is performed at the end of each reporting period. Goodwill is depreciated below its recoverable amount if it is lower than the residual book value. As of 31.12.2022, management has conducted a recoverable amount test for goodwill. Expected future cash flows have been drawn up, which in the case of goodwill, are based on market trends and the Group's business plan. Future cash flows are discounted using the weighted average cost of capital (WACC). Based on the analysis, the board decided to estimate the goodwill down to 0.

Measurement of fair values

Many of the Group's accounting policies and disclosure requirements require fair value measurements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In measuring fair value, a transaction to sell an asset or transfer a liability is assumed to occur either:

- the core market for the asset or liability; or
- if there is no core market, the market that is most favorable to the asset or liability.

The Group must have access to the core market or most favorable market on the measurement date.

The measurement of the fair value of an asset or liability uses assumptions that market participants would use in determining the price of the asset or liability, assuming that market participants act in their best economic interests. The measurement of the fair value of a non-financial asset takes into account the ability of the market participant to generate economic benefits by making the best use of the asset or by selling it to the market participant who would make the best use of the asset.

The Group applies appraisal techniques that are appropriate to the particular situation and for which sufficient data is available to measure fair value, using the maximum relevant observable inputs and the minimum unobservable inputs that are relevant to the measurement as a whole:

- Level 1 - quoted prices (unadjusted) in active markets for assets or liabilities;
- Level 2: estimation techniques where the lowest level input that is relevant to the overall measurement is directly or indirectly observable;
- Level 3: estimation techniques where the lowest level input that is relevant to the overall measurement is unobservable.

Additional information on the assumptions, inputs, and estimates made in measuring fair value is provided in the following notes:

- Note 7 Financial instruments
- Note 12 Investment Properties

NOTE 5. NEW STANDARDS, AMENDMENTS TO STANDARDS, AND INTERPRETATIONS

The Fund has adopted certain standards and amendments to standards that apply to reporting periods beginning on or after January 1, 2022. The new standards and amendments to the standards did not significantly affect the Fund's consolidated financial statements when first implemented.

Standards not yet in force, interpretations and amendment to published standards

The following new standards, interpretations and amendments did not yet apply to the reporting period ending on December 31, 2022 and therefore have not been implemented in the preparation of this consolidated report. The group intends to implement them when they become effective.

Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Implementation Guide No. 2 "Determining materiality".

(Applicable for reporting periods beginning on or after 1 January 2023)

The purpose of the amendments to IAS 1 is to help companies disclose more useful information about the accounting policy:

- requiring companies to disclose only important accounting policy;
- explaining that the accounting polity related to immaterial transactions, other events or conditions are also immaterial and therefore do not require disclosure, and
- explaining that not all accounting policy related to important transactions, other events or conditions are material from the point of view of the company's report.

The International Accounting Standards Board also amended IFRS Implementation Guide No. 2, adding guidance and two additional examples on the application of the concept of materiality in accounting policy disclosures.

The amendments are in line with the clarified definition of "materiality": "Information about the accounting policy is material if, when considered together with other information contained in the company's report, it can reasonably be expected to influence the decisions that the primary users of the general purpose report make on the basis of those report".

The Group estimates that the amendments, when initially applied, will not have a material impact on the Group's financial statements.

Amendments to IAS 8 "Accounting methods, changes in accounting estimates and errors"

(Applicable to reporting periods beginning on or after 1 January 2023)

The amendments introduce a new definition of the term "accounting estimates": it is clarified that these are monetary amounts presented in the report, the measurement of which involves uncertainty. The amendments also clarify the relationship between the accounting policy and accounting estimates: it is specified that the company issues an accounting estimate in order to achieve the goal established by the accounting policy.

The amendments are not expected to have a material impact on the Group as they provide guidance on whether the amendments should be treated as amendments in accounting estimates, amendments in accounting policies or as errors.

Amendments to IAS 12 "Income Tax".

(Applicable to reporting periods beginning on or after 1 January 2023)

The amendments clarify the calculation of deferred income tax arising from such transactions, in which both an asset and a liability are recognized and the same taxation is applied to both. The amendments narrow the scope of the exception to initial recognition so that the exception in question does not apply to transactions that give rise to equal and offsetting temporary differences. Therefore, companies must recognize deferred income tax assets and liabilities for the temporary differences that arise on the initial recognition of the lease and disposal provision.

The Group estimates that the amendments, when initially applied, will not have a material impact on the Group's financial statements.

Amendments to standard IAS 1 "Presentation of Financial Statements".

(Applicable to reporting periods beginning on or after 1 January 2024)

The European Union has not yet approved the amendments.

The amendments clarify that the classification of liabilities as current or non-current is based solely on the entity's right to defer settlement at the end of the reporting period. An entity's right to defer settlement for at least 12 months from the reporting date need not be unconditional, but it must have substance. Classification is not affected by management's intentions or expectations about whether and when the entity will exercise its right. A liability is classified as current if the condition is breached on or before the reporting date, even if the lender grants a waiver of the condition after the end of the reporting period. Conversely, a loan is classified as non-current if the breach occurs after the reporting date. The amendments also clarify the situations that are considered to be settlements of a liability.

The Group estimates that the amendments, when initially applied, will not have a material impact on the Group's financial statements.

Amendments to standard IFRS 16 "Leases" "Lease liability sale-leaseback"

(Applicable to reporting periods beginning on or after January 1, 2024; applied retroactively to periods starting from the implementation of IFRS 16)

The European Union has not yet approved the amendments.

Amendments to IFRS 16 "Leases" affect how a seller-lessee accounts for variable lease payments arising from a sale-leaseback transaction. The amendments introduce a new accounting model for variable payments.

The amendments confirm the following:

- upon initial recognition, the seller-lessee takes variable lease payments into account when measuring the lease liability arising from the sale-leaseback transaction;
- after the initial recognition, the seller-lessee applies the general requirements related to the subsequent calculation of the lease liability in such a way that it does not recognize the profit or loss related to the remaining right of use.

A seller-lessee may take a different approach consistent with the new subsequent measurement requirements.

According to the group, the amendments and new standards will not have a significant impact on its report upon first implementation.

Other amendments

The remaining new standards, amendments to standards and interpretations that are not yet effective are not expected to have a material impact on the Group's consolidated financial statements.

NOTE 6. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated report are set out below. The accounting policies described have been applied consistently unless otherwise stated in the following text.

A. Preparation of consolidated accounts

These consolidated report include the financial statements of Summus Capital OÜ, and its subsidiaries consolidated on a line-by-line basis.

i. Business combinations

As of the acquisition date, the acquirer recognizes its share of the acquiree's interest in the acquiree's assets, liabilities, contingent liabilities, and goodwill and its share of the acquiree's income and expenses in the consolidated income statement. Business combinations are accounted for in the consolidated report using the purchase method.

ii. Subsidiaries

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and ends when the Group loses control of the subsidiary. All assets, liabilities, income, and expenses acquired or disposed of by subsidiaries during the year are recognized in the consolidated financial statements from the date that control commences until the date that control ceases. If necessary, the financial indicators of the subsidiaries are adjusted to comply with the Group's accounting policies.

iii. Non-controlling interest

Non-controlling interest in the acquiree is the non-controlling interest in the fair value of the net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are recognized as equity transactions.

iv. Loss of control

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary and the related non-controlling interests and other components of equity. Gains or losses arising from the loss of control are recognized in the income statement. The remaining interest in the former subsidiary is measured at fair value.

v. Transactions eliminated on consolidation

All intra-group assets and liabilities, equity, income, expenses, and cash flows related to transactions between group members are eliminated in full-on consolidation.

B. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks, and other short-term liquid investments with original maturities of three months or less that are subject to an insignificant risk of changes in value.

The statement of cash flows is prepared using the indirect method, where the net cash flow of operating activities is determined by adjusting the operating profit or loss for the profit and loss related to investment or financing activities, the impacts of non-monetary transactions and changes in current assets and short-term liabilities related to operating activities. Cash flows from investing and financing activities are presented using the direct method, which means that receipts and disbursements are disclosed in separate records. Non-monetary transactions are eliminated.

C. Foreign currency

All currencies except the euro are considered foreign currencies. Transactions denominated in foreign currencies are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities denominated in foreign currencies that are measured at cost are retranslated to the functional currency at the exchange rate at the date that the transaction was settled. The official quotation of the European Central Bank in the respective currency shall be used for the conversion. Exchange differences arising on translation are recognized in profit or loss.

D. Financial assets and liabilities

i. Recognition and primary measurement

Trade receivables are recognized when incurred. All other financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

On initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus any transaction costs that are directly attributable to the acquisition of the financial asset or the issuance of the financial liability. Trade receivables that are not related to a significant financing component are initially recognized at transaction price.

ii. Classification, further measurement, and gains and losses

Financial assets

The Group recognizes financial assets at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss.

Financial assets are not reclassified after initial recognition unless the Group changes its financial asset management business model, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets are measured at amortized cost if both of the following conditions are met:

- Financial assets are held under a business model designed to hold financial assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise to cash flows at specified dates that are only principal and unpaid interest on the principal.

The Group classifies cash and cash equivalents, trade receivables, loans, and other receivables as financial assets measured at amortized cost.

A financial asset is measured at fair value through profit or loss if it meets both of the following conditions and is not designated as at fair value through profit or loss accounts:

- The instruments are held in a business model designed to achieve both the collection of contractual cash flows and the sale of financial assets; and
- The terms of the contract provide cash flows on specified dates that are only the principal and unpaid interest on the principal.

All financial assets that are not classified as at fair value through profit or loss or other comprehensive income, as described above, are measured at fair value through profit or loss accounts.

On initial recognition, the Group may designate financial assets as at fair value through profit or loss, which qualify for recognition in other comprehensive income at adjusted cost or fair value, if it either eliminates or significantly reduces the inconsistency of measurement or recognition, which would otherwise arise from measuring assets or liabilities or recognizing gains or losses on them on a different basis.

The following table provides an overview of the Group's financial assets and their measurement and recognition of gains and losses.

Adjusted acquisition cost	These assets are carried at amortized cost using the effective interest method. Impairment losses are deducted from the adjusted acquisition cost. Interest income, foreign exchange gains and losses, and impairment losses are recognized in the income statement. Gains or losses arising on derecognition are recognized in the income statement.
Financial assets at fair value with changes through profit or loss account	The group uses interest rate swap and interest rate cap agreements (Cap) as derivative instruments to cover interest rate risks. These assets (fair value is positive) are measured at fair value. Net profit or loss (including interest or dividend income) is recognized in the income statement.

Financial liabilities

Financial liabilities are classified as either at amortized cost or at fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it is held for trading, is a derivative, or is recognized as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value, and net gains and losses, including any interest expense, are recognized in the income statement.

Other financial liabilities are carried at amortized cost using the effective interest method. Interest expense and foreign exchange gain or loss are recognized in the income statement. Gains or losses arising on derecognition are recognized in net income.

The group uses interest rate swap and interest rate cap agreements (Cap) as derivative instruments to cover interest rate risks. An interest rate swap is initially recognized at its fair value on the contract date and is subsequently revalued based on changes in the instrument's fair value. If the fair value is positive, the derivative is recognized as an asset, and if it is negative, it is recognized as a liability.

Income from interest rate cap agreements is recognized if the actual interest rate exceeds the cap specified in the agreement. Profits and losses arising from changes in the fair value of derivative instruments are recognized in the profit and loss statement of the reporting period, except for such derivative instruments that qualify under the special rule for reporting instruments acquired for hedging purposes (hedge accounting). There have been no recent ones in the reporting period and also in the reference period.

iii. Discontinuation of recognition

Financial assets

The Group derecognizes a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expire or the Group transfers the financial asset, and the transfer meets the criteria for derecognition. The Group transfers the right to receive contractual cash flows in a transaction in which all risks and rewards of ownership of a financial asset are transferred or where the Group does not transfer the risks and rewards of ownership of the financial asset but does not retain control of the financial asset.

Transactions in which the Group transfers assets recognized in its financial statements, but the Group retains all or significant risks and rewards of the transferred assets, in which case the Group does not derecognize the transferred assets.

Financial liabilities

The Group removes a financial liability from its statement of financial position when, and only when, it is derecognized. This means when an obligation specified in the contract has been fulfilled, canceled, or expired. The Group derecognizes a financial liability if the terms of the financial liability are changed so that the cash flows of the liability differ materially from the original liability. In this case, the new financial liability based on the amended terms is recognized at fair value.

The difference between the residual book value of a terminated financial liability or a financial liability transferred to another party (or part of a financial liability) and the consideration paid, including all transferred non-monetary assets or assumed liabilities, is reflected in net profit.

iv. Offsetting

Financial assets and liabilities are offset and recognized as a net amount in the financial statements when, and only when, the Group has a legal right to set off the amounts and the Group has the intention to settle them on a net basis or to realize the liability at the same time.

v. Impairment of financial assets

The Group applies the expected credit loss model to financial assets carried at amortized cost.

The Group measures impairment in the amount equal to the expected credit losses over its useful life, except for financial assets in which the impairment is measured in the amount equal to the expected credit losses over a period of 12 months:

- other claims;
- cash and cash equivalents whose credit risk has not increased significantly since initial recognition.

The Group applies the simplified method set out in IFRS 9 in recognizing expected credit losses on all trade receivables, which allows for the creation of a provision for the amount of expected credit losses over the life of the provision.

The Group always recognizes an allowance for trade receivables equal to the amount of credit losses expected to be incurred during their term. A provisioning matrix is used to estimate the expected credit loss on these assets based on the Group's historical credit loss experience, adjusted for specific factors related to debtors, general economic conditions, and, if necessary, the time value of money.

Expected credit losses are probability-weighted estimated credit losses. A credit loss is the difference between the contractual cash flows and the cash flows expected by the Group, which is discounted at the asset's internal rate of return.

At each reporting date, the Group assesses whether the credit quality of financial assets carried at amortized cost has deteriorated. The credit quality of a financial asset is impaired if one or more events have occurred that adversely affect the expected future cash flows of the financial asset. Circumstances that indicate that the credit quality of a financial asset has declined include:

- significant financial difficulties of the debtor;
- breach of contract (non-performance or non-payment of an obligation by the due date);
- restructuring a loan or advance on terms that the Group would not otherwise have made;
- it is likely that the debtor will run into insolvency.

The book value of the assets is reduced by the decrease in the value of the financial assets reflected in the adjusted acquisition cost.

E. Tangible fixed assets

i. Registering and recognition

Tangible assets are recognized at cost less accumulated depreciation and any accumulated impairment losses.

If different parts of tangible assets have different useful lives, they are accounted for as separate items of fixed assets (significant components). The depreciation rate for each component is determined separately based on the expected useful life of the component.

Gains and losses arising from the derecognition of tangible property are recognized in the income statement.

ii. Subsequent expenditure

Later expenditures made on the object of tangible fixed assets are added to the acquisition cost of the asset only if it is probable that, in the future, the Group will receive economic benefits from the expenditures made. Other maintenance and repair costs are expensed as incurred.

iii. Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets and is recognized in the income statement. The useful lives of tangible assets are reviewed at least at each financial year-end, and if new estimates differ from the previous ones, the changes are recognized as changes in accounting estimates, i.e., prospectively. The asset is depreciated from the moment it is ready for use (brought to the location and condition specified by the management).

Useful lives of tangible fixed assets by groups of fixed assets (in years):

- Other tangible fixed assets 3 years

The assessment of impairment of assets is described in more detail in the accounting policy "Impairment of assets".

F. Intangible fixed assets and goodwill

i. Registering and recognition

Goodwill	Goodwill is the excess of the cost of an acquisition over the fair value of the net assets acquired in a business combination, reflecting the portion of the cost of assets acquired that is not identifiable and cannot be separately accounted for. On the acquisition date, goodwill is recognized as an intangible asset at cost. If negative goodwill arises from a business combination, the Group shall immediately recognize all negative goodwill in the consolidated income statement as income.
Other intangible assets	Other intangible assets acquired by the Group and having a finite useful life are measured at cost less accumulated amortization and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenses, including expenses for internally generated goodwill and trademarks, are recognized in the income statement as incurred.

iii. Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets and is generally recognized in the income statement.

Useful lives of intangible fixed assets by groups of fixed assets (in years):

- Other intangible fixed assets: 3 years

Depreciation methods, annual depreciation rates, and residual values are reviewed at each reporting date and adjusted if appropriate.

The assessment of impairment of assets is described in more detail in the accounting policy "Impairment of assets".

G. Impairment of assets

i. Impairment of non-financial assets

The carrying amount of non-inventory assets are reviewed at least annually at the end of the reporting period. The purpose of the review is to determine whether there are any indicators that would require the asset to be written down. If there is reason to believe that the recoverable amount of an item of fixed assets may have fallen below its carrying amount, an impairment test is performed, and, if necessary, the asset is written down.

The recoverable amount of an asset is the fair value of either the asset or the cash-generating unit with fewer costs to sell or value in use, whichever is greater.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of testing an asset for impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). For the purpose of testing for impairment, goodwill arising on a business combination is allocated to those cash-generating units of the enterprise that are expected to benefit from the synergies arising from the particular business combination.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses on assets are recognized in the period. An impairment loss for a cash-generating unit is recognized first to reduce the carrying amount of goodwill allocated to the unit and then to reduce the carrying amount of the unit's other assets proportionately.

If the reason for the impairment disappears, the previously recognized impairment loss is reversed. Changes in the circumstances of the impairment loss are analyzed at least once a year at the end of the reporting period. Impairment losses are reversed, and the asset is increased to the maximum carrying amount that would have been determined, net of any depreciation or amortization, if no impairment loss had been recognized. Reversals of impairment losses are recognized in profit or loss in the same line as the previous impairment loss.

ii. Impairment of financial assets

The assessment of impairment of financial assets is described in more detail in the accounting policies for financial assets and liabilities.

H. Rental accounting

Upon concluding the agreement, the Group assesses whether the agreement is a lease agreement or whether the agreement includes a lease. An agreement is a lease agreement (or includes a lease) if it gives the right to inspect and use a specified asset for a specified period of time against payment. The Group uses the definition of a lease in IFRS 16 to assess whether the agreement gives it the right to control and use an asset.

i. The Group as a lessor

If the Group is operating as a lessor, the Group determines at the inception of the lease whether the lease is a finance lease or an operating lease.

To classify each lease agreement, the Group assesses whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If it does, then it is a finance lease. If not, it is an operating lease. As part of this assessment, the Group also assesses certain indicators (for example, whether the lease is for the majority of the economic life of the asset).

If a lease agreement includes both lease and non-lease components, the Group applies IFRS 15 accounting policies to allocate the lease payment among the components.

The Group applies the requirements for derecognition and impairment in IFRS 9 to the lessor's net investment. The Group regularly analyzes the estimated unguaranteed residual values used to calculate the lessor's gross investment.

The Group recognizes lease payments received under operating leases as income in the income statement on a straight-line basis over the lease term.

I. Financial investments

Short-term and long-term financial investments in shares and other equity instruments (excluding investments in subsidiaries and associates) are initially recognized at cost. Equity instruments are then measured at fair value. Dividends are recognized as income in the income statement. Other net gains and losses are recognized in other comprehensive income and are never classified as profit or loss.

i. Shares in subsidiaries

Investments in subsidiaries are recognized using the equity method in the parent company's unconsolidated statement of financial position. Under the equity method, the investment is initially recognized at its acquisition cost, which will be adjusted in subsequent periods by elimination or depreciation of the difference between fair value and book value found in the changes in the equity of the investment object investor's participation in changes with the participation in the equity capital of the investment object and in the purchase analysis of the assets, liabilities and contingent liabilities of the investment object. Unrealized gains on transactions between parties are eliminated to the extent of the parent's interest. Unrealized losses are also eliminated unless the loss is due to an impairment of an asset.

In the event that the parent company's participation in the loss of the subsidiary recognized under the equity method exceeds the book value of the subsidiary, the book value of the investment is reduced to zero, and such long-term receivables, which essentially form part of the investment, are devalued. Further losses are recognized outside the statement of financial position. In the event, the parent company has guaranteed or is obligated to satisfy the obligations of the subsidiary, both the corresponding obligation and the loss of the equity method are recognized in the statement of financial positions.

J. Employee benefits

i. Short-term employee benefits

Short-term employee benefits include salaries and social security contributions, benefits related to the temporary termination of an employment contract (holiday pay or other similar benefits) if the temporary termination of the employment contract is expected to occur within 12 months after the end of the employee's service, and other benefits to be paid within 12 months of the end of the period during which the staff member was employed.

ii. Termination benefits

Termination benefits are recognized at the earliest date when the Group is no longer able to withdraw the benefit from the benefits and when the Group recognizes restructuring costs. If the benefits are not expected to be paid in full within 12 months after the end of the reporting period, they are discounted to present value.

K. Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount. Provisions are recognized at the present value of the expenditure required to settle the obligation using an interest rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the amount of the provision due to the passage of time is recognized as a financial expense. Contingent liabilities, the realization of which is unlikely or the amount of the related expenses which cannot be estimated with sufficient reliability but which, under certain conditions, may become liabilities in the future, are disclosed in the note to the financial statements as contingent liabilities.

L. Income tax

Income tax includes current and deferred income tax. It is recognized in profit or loss accounts, except to the extent that it relates to a business combination or amounts recognized directly in equity or in other comprehensive income.

i. Income tax payable

Income tax payable includes taxes that are expected to be payable or recoverable on the taxable income or loss for the year and adjustments to tax payable or receivable in prior years. The amount of tax payable or receivable is the best estimate of the amount of tax payable or receivable that reflects the uncertainty associated with income tax (if any). It is measured using tax rates that have been enacted or substantively enacted by the reporting date. Income tax payable also includes income tax on dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

ii. Corporate income tax in Estonia

According to the Income Tax Act in force in Estonia, the Company's earned profit for the financial year is not taxed in Estonia. Income tax is paid on dividends, fringe benefits, gifts, donations, admission costs, non-business payouts, and transfer price adjustments. Dividends paid out of retained earnings are generally taxed at a rate of 20% (the amount of tax payable is 20/80 of the net amount of dividends distributed (2020: 20%). Dividends will also be taxed at the rate of 14% from 2019 (the amount of tax payable is 14/86 of the net amount of dividends distributed). A more favorable tax rate applies to the part of dividends that do not exceed the average dividend payment of the Company for the last three years on which income tax has been paid in Estonia. A rate of 20% applies to the rest. 2018 is the first year to be taken into account when calculating the average dividend payment for the previous three years.

iii. Income tax in Latvia

Latvia has a similar income tax law, where corporate profits are not taxed, and dividends paid are taxed at a rate of 20%.

iv. Income tax in Lithuania

According to the income tax regulations of Lithuania, the company taxpayer of the respective country is obliged to pay income tax on the taxable profit earned in the reporting year. In Lithuania, the income tax rate was 15% in 2022 (2021: 15%).

v. Deferred income tax

Deferred income tax is recognized in connection with temporary differences that arise between the accounting values of assets and liabilities and the amounts taken as a basis for taxation.

Deferred income tax is not recognized as follows:

- Temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that do not affect accounting or taxable profit or loss;
- Temporary differences associated with investments in subsidiaries, associates, and joint ventures, if the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arise on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits, and temporary deductible differences to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed if the probability of future taxable profits increases. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be utilized. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the tax rates that have been enacted or substantively enacted by the reporting date when they are reversed, and this reflects income tax uncertainty (if any).

Deferred tax assets and liabilities are offset only if certain criteria are met.

M. Government grants

Grants that compensate the expenses made by the Group are recognized in the profit and loss statement as other income systematically in the periods in which the expenses are recognized unless the conditions for receiving targeted financing are met after the related expenses are recognized. In this case, the grant is recognized when it becomes receivable.

N. Sales revenue

Sales revenue is measured on the basis of the fee provided in the customer agreement. The Group recognizes sales revenue when it gives the customer control over a good or service. The following table provides information on the accounting policies for the fulfillment and timing of operating obligations arising from customer agreements and, consequently, for the recognition of sales revenue.

Type of product/ service	Fulfillment and timing of the performance obligation, important payment terms	Sales revenue accounting policies
Other goods and services resold	Invoices for resold goods and services are issued on a monthly basis and are generally due within 21 days.	Revenue from the resale of utilities and other services is recognized over time (revenue is recognized in the same period as the related expenses).

O. Investment properties

Real estate investment is considered to be land and buildings that are held for the purpose of earning rental income or increasing the market value and that are not used in the economic activities of the Group's Company. Objects that are kept for a long time and have several possible purposes of use are also considered real estate investments. Properties to be developed for real estate investment and buildings treated as movable property (commercial buildings to be reconstructed) are recognized as real estate investments.

The real estate investment is initially taken into account in the statement of financial position at the acquisition cost, which includes transaction fees directly related to the acquisition: notary fees, state fees, fees paid to advisors, and other expenses, without which the purchase transaction probably could not have been concluded. From now on, the real estate investment is recorded at fair value on each reporting date, which is determined based on the actual market conditions of the reporting date.

When determining the fair value of a real estate investment, in addition to the management's assessment, if necessary, the expert opinion of independently certified appraisers is used. This means that for more important investments, parallel assessments are taken from independent real estate experts. The following methods are used to determine the fair value:

Income method (discounted cash flow analysis or income capitalization). The income method is used when determining the value of real estate objects with a stable rental flow or for objects where, in the opinion of the board, the comparison method does not recognize the fair value (for example, low liquidity of the real estate market in the area of the real estate object being evaluated, lack of comparison transactions, or a large time gap between the comparison transaction and the date of appraisal). In order to find the fair value of a real estate investment using the income method, in the case of a real estate object that generates a rental flow, the appraiser must forecast the future rental income (including rent per 1 m2 and the occupancy of rental spaces) and operating costs of the real estate object. Depending on the ease and possibility of terminating the leases by the lessees, the appraiser chooses either existing cash flows or cash flows that exist on average in the market for analysis. Also, in the case of discounted cash flow analysis, in order to find the present value of the net cash flow, an appropriate discount rate must be chosen that best expresses market trends in the current value of money and specific risks associated with the asset. The average capital structure of the market is used as the basis for choosing the discount rate. When finding the capitalization rate to be applied using the income capitalization method, the basis is the average expected productivity of investors in a specific market in terms of similar types of assets.

Comparison method. The comparison method is used for real estate objects that do not have a rental flow and are held for future development potential or for the purpose of increasing value. In the case of the comparison method, transactions that took place under conditions comparable to the object being appraised are considered, and the market value of the object is derived from the m2 price of the transactions that took place. Since the transactions that are the basis of the comparison method are in almost no case absolutely similar to the object being appraised, the indicators of the transactions that took place in the case of the comparison method are adjusted in terms of time, location, size, and detailed planning, or another appraisal method is used (for example, the income method), which, in the opinion of the management board, better reflects the fair value of the real estate object value.

Profits and losses resulting from changes in the fair value of real estate investment are recorded in the consolidated income statement in the line "Other business income" or "Other business expenses".

Investment property is derecognized in the balance sheet when the asset is disposed of or decommissioned if the asset is not expected to generate future economic benefits. The profit and loss arising from the derecognition of real estate investment are recognized in the statement of comprehensive income for the period of decommissioning on the line of other business income or other business expenses.

If the purpose of use of the real estate object changes, the asset is reclassified in the statement of financial position. From the date of the change, the accounting policies of the asset group to which the item is transferred are applied to the item. If an object previously recognized as an investment property is reclassified as inventory or tangible fixed assets, the newly derived acquisition cost of the object is its fair value as of the reclassification date.

If a real estate object is reclassified from a tangible fixed asset to an investment property, the positive difference between the asset's fair value and book value as of the date of reclassification is presented in the revaluation reserve, the negative difference is recognized in the consolidated income statement as a fixed asset depreciation expense. If a real estate object recognized as an inventory is reclassified as an investment property, the difference between the property's fair value and the book value as of the reclassification date is recognized in the consolidated income statement in the line of other operating income or other operating expenses.

Based on the requirements of IFRS 13, fair value valuation methods are classified as follows:

- quoted prices of identical assets (unadjusted) in an active market (level 1);
- inputs other than level 1 classifiable quoted prices that are directly or indirectly observable for the asset (level 2);
- unobservable inputs for the assets (level 3).
- The fair value of the Group's investment properties is estimated using level 3 inputs. Additional information regarding the assumptions used is presented in Note 12.

P. Related parties

The Group considers a party to be related if one party has control over the other party or significant influence over the other party's business decisions. The Group's related parties are:

- the parent company and its owners;
- other companies belonging to the same consolidation group;
- members of the Management Board;
- close relatives and related companies of the persons listed above.

Q. Events after the end of the reporting period

The consolidated financial statements reflect significant matters affecting the measurement of assets and liabilities, which occurred between the end of the reporting period and the date of the report but relate to transactions during the reporting period or earlier periods.

Events at the end of the reporting period that have not been taken into account in the appraisal of assets and liabilities but which significantly affect the result of the next financial year are disclosed in the notes to the consolidated financial statements.

NOTE 7. FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT

A. Classification and fair values

The Group's management has estimated that the fair value of the loans is equal to their book value since the interest rates applied to the contracts correspond to the market interest rates.

The following table shows the book values and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities that are not measured at fair value if the carrying amount is a reasonable approximate value of fair value.

		Book value		Fair value
(EUR)	**31.12.2022**	**31.12.2021**	**31.12.2022**	**31.12.2021**
Financial assets measured at adjusted acquisition cost				
Cash and cash equivalents	16,407,648	15,086,089	-	-
Other short-term financial assets (Note 8)	0	10,035,749		
Trade receivables (Note 9)	2,347,625	3,251,819	-	-
Receivables from related parties (Note 9)	0	0	-	-
Other receivables (Note 9)	3,237,167	1,363,511	-	-
Granted loans	0	96,000	-	-
Financial assets measured at fair value				
Financial assets from derivative instruments (Note 18)	6,980,358	0	6,980,358	0
Total financial assets	**21,992,440**	**29,833,168**	**0**	**0**
Financial liabilities measured at adjusted acquisition cost				
Debts to suppliers (Note 13)	2,176,820	3,046,695	-	-
Loan commitments (Note 15)	225,932,316	210,784,359	-	-
Other debts (Note 13)	6,207,687	1,678,907	-	-
Financial liabilities measured at fair value				
Liabilities from derivative instruments (Note 18)	44,063	3,191,608	44,063	3,191,608
Total financial liabilities	**234,360,886**	**218,701,569**	**44,063**	**3,191,608**

B. Financial risk management

i. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a party to a financial instrument fails to meet its contractual obligations and arises primarily from the Group's trade receivables. Money on bank deposits and other receivables and financial assets are also open to credit risk. The book value of financial and contractual assets reflects the maximum credit risk.

To mitigate credit risk, the Group has established procedures to ensure that leases are entered into with customers with a compliant credit history. The Group regularly monitors that customers do not exceed an acceptable credit risk limit. Credit risk is further mitigated by requiring depositors and entering into lease guarantee agreements. Invoices issued to customers generally have a payment period of up to 30 days, which helps to further limit the credit risk that may arise from receivables from buyers.

Impairment losses on financial assets recognized in the income statement were as follows:

(EUR)	2022	2021
Receivables discount reserve on 1 January	**428,067**	**149,044**
Increasing the discount (Note 24)	95,883	279,023
Receivables assessed as hopeless	0	0
Doubtful receivables	0	0
Reserve for discount on receivables on 31 December	**523,950**	**428,067**

The Group always recognizes an allowance for trade receivables equal to the amount of credit losses expected to be incurred during their term. A provisioning matrix is used to estimate the expected credit loss on these assets based on the Group's historical credit loss experience, adjusted for specific factors related to debtors, general economic conditions, and, if necessary, the time value of money. Expected credit losses are probability-weighted estimated credit losses. A credit loss is the difference between the contractual cash flows and the cash flows expected by the Group, which is discounted at the asset's internal rate of return.

In credit risk management, it is mainly ensured that the Group does not develop significant concentrations of accumulated credit risk. The Group's activity for preventing and minimizing credit risk consists of daily monitoring and directing the payment behavior of customers, which enables the implementation of operationally necessary measures. Since, in the case of many real estate transactions, the counterparty of the transaction is financed through credit institutions, in order to mitigate risks, cooperation is also carried out with various banks that finance the transactions. As a result, the Group considers the total risk resulting from the insolvency of customers to be hedged to a significant extent.

Cash and cash equivalents

On 31 December 2022, the Group had cash and cash equivalents worth 16,407,648 euros (31.12.2021: 15,086,089 euros). The Group's cash and cash equivalents are kept in different banks, which reduces the credit risk associated with bank deposits. The credit ratings of the banks whose services the Group uses the most and where almost all of the Group's funds are deposited as of 31.12.2022 are from Baa1 to A3 based on the credit ratings of the independent rating agency Moody's.

ii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with the transfer of cash or another financial asset. Long-term liquidity risk is the risk that the Group will not have sufficient cash or other sources of liquidity to meet future liquidity needs to meet its business plan and meet its obligations or that the Group will therefore need to raise available funds in a hurry.

The Group's liquidity is primarily affected by the following circumstances:

- the ability of the Group's companies to independently generate positive net cash flows from business activities and the volatility of said cash flows;
- the difference between the maturities of assets and liabilities and flexibility in changing them;
- marketability of long-term assets;
- financing structure.

The goal of the Group is:

- To ensure a balance between continuity and flexibility of financing through bank loans. The Group's financing policy stipulates that bank loans are concluded on a long-term basis.
- To manage net cash flows so that when investing in real estate, the share of debt capital does not exceed 80% of the acquisition cost of the investment.

Short-term liquidity management is primarily based on the Group's constantly monitored monthly cash flow forecast. The goal of short-term liquidity management is to ensure the availability of a sufficient amount of highly liquid funds. Short-term liquidity management in companies located in Estonia and outside Estonia is mainly carried out through intra-group borrowing from the parent company.

Long-term liquidity management is most influenced by investment decisions. Investments are made on the principle that the net cash flows of the business activities of the companies, together with the net cash flows of the investment activities, must cover the financing expenses of the entire Group. Thus, the goal of long-term liquidity management is to ensure sufficient liquidity in the real estate investment portfolio, to harmonize the timing of investment and financing cash flows, and to use the optimal financing structure. In the case of long-term projects, it is ensured that the terms and amounts of cash flows from investment activities do not differ significantly from the terms and amounts of cash flows from financing activities.

As of 31.12.2022, the Group's working capital is positive in the amount of 7,165 thousand euros.

As of the end of the reporting period, the Group has free cash and cash equivalents of 16,407 thousand euros (31.12.2021: 15,086 thousand euros). Consequently, the management assesses the Group's liquidity position as strong and the liquidity risk as unlikely.

The remaining contractual maturities of financial liabilities at the reporting date are as follows. The amounts are gross and undiscounted and include contractual interest payments.

		Contractual cash flows			
As of 31.12.2022 (EUR)	**Book value**	**12 months**	**1-5 years**	**Over 5 years**	**Total**
Debts to suppliers (Note 13)	2,176,820	2,176,820	0	0	2,176,820
Loan commitments (Note 15)	225,932,316	441,141	207,635,384	9,852,791	225,932,316
Liabilities from derivative instruments (Note 18)	44,063	44,063			44,063
Lease obligations	2,253,009	240	383,470	1,869,299	2,253,009
Other debts (Note 13)	0	0	0	0	0
Total	**230,738,099**	**12,439,355**	**210,437,638**	**686,287**	**243,563,280**

		Contractual cash flows			
As of 31.12.2021 (EUR)	**Book value**	**12 months**	**1-5 years**	**Over 5 years**	**Total**
Debts to suppliers (Note 13)	3,046,695	3,046,695	0	0	3,046,695
Loan commitments (Note 15)	210,784,359	43,304,846	185,951,927	2,768,847	232,025,620
Liabilities from derivative instruments (Note 18)	3,191,608	772,824	2,418,784		3,191,608
Lease obligations	2,569,237	76,694	383,470	2,760,983	3,221,147
Other debts (Note 13)	1,678,907	1,678,907	0	0	1,678,907
Total	**221,270,806**	**48,879,966**	**188,754,181**	**5,529,830**	**243,163,977**

iii. Market risk

Market risk is the risk that changes in market prices, such as commodities, exchange rates, interest rates, and capital prices, will affect the Group's income or the value of its investments in financial instruments. The purpose of market risk management is to manage and maintain positions exposed to market risk within acceptable limits while optimizing returns.

iv. Currency risk

Currency risk is the risk that the fair value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The main currency of the Group is the euro. In 2022 and 2021, the Group had no significant assets or liabilities in any currency other than the euro, and the Group was not required to enter into any significant transactions in any currency other than the euro after that date.

v. Interest rate risk

Interest rate risk is the risk that the fair value of a future cash flow of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest risk when using loans with a floating interest rate, refinancing obligations when the maturity date arrives, and involving new loans to implement the investment plan in a situation where volatility in the financial markets is increasing, and the economic environment is changing.

The Group's interest rate risk arises from interest-bearing borrowings. Fluctuations in interest rates affect interest expenses. The Group uses interest rate swaps (SWAPs) and cap agreements to hedge its interest rate cash flow risk.

As of 31.12.2022, 86% of the reported loan obligations are loan obligations with a floating interest rate.

The bonds of the Group, loans of the owner, and other related parties have a fixed interest rate and do not depend on changes in the money market. However, long-term bank loans are linked to Euribor, which is why they are dependent on developments in international financial markets. An important activity in managing the Group's interest rate risk is to monitor the movements of the interest rate curve of the money market, which expresses the expectations of market participants regarding market interest rates and enables the assessment of the trend in the development of euro interest rates. In 2022, Euribor turned positive, and in connection with this, the Company's floating interest rate loan obligations, in which no interest rate risk hedging instruments were used, became more expensive.

Changes in interest rates are closely monitored, and, if necessary, additional hedging agreements are ready.

C. Capital management

The Group's policy is to maintain a strong capital base in order to maintain the confidence of investors, creditors, and the market and to maintain the further development of the business. Management monitors the return on capital and the level of dividends paid to shareholders. The Group monitors capital using the ratio of net debt to equity. Net debt is calculated as the total amount of liabilities less cash and cash equivalents. Equity includes all components of equity. The Group's policy is to keep the ratio below 2.

The ratio of the Group's net debt to equity as of 31.12.2022 and 31.12.2021 was as follows:

(EUR)	31.12.2022	31.12.2021
Total liabilities	249,729,568	232,943,028
Minus: Cash and cash equivalents	16,407,648	15,086,089
Net debt	**233,321,920**	**217,856,939**
Total shareholder's equity	**179,354,003**	**173,791,433**
The ratio of net debt to total equity	**1,30**	**1.25**

NOTE 8. OTHER CURRENT FINANCIAL ASSETS

Other short-term financial assets in the consolidated financial statement as of 31.12.2021 in the amount of 10,035,749 euros are recognized as funds deposited in the Escrow account (conditional deposit) at Citadele Bank. The money deposited in the deposit is intended for the acquisition of a 100% holding in Pārupes būmaņi SIA (Latvian registry code 40103850793). The acquirer is D Imanta Project SIA, a subsidiary of Summus Capital OÜ (Latvian registry code 40203271584). The acquisition transaction was completed in January 2022, and as of 31.12.2022, other short-term financial assets are 0 euros.

NOTE 9. TRADE RECEIVABLES AND OTHER RECEIVABLES

(EUR)	Note	31.12.2022	31.12.2021
Trade receivables		2,347,625	3,251,819
Other receivables		3,237,167	690,361
Total		**5,584,792**	**3,942,180**
Long term part		0	0
Short-term part		5,584,792	3,942,180
Total		**5,584,792**	**3,942,180**

In 2021, a series of other claims included a claim related to the COVID subsidy against the Latvian state in the amount of 711,271 euros. In 2022, a short-term loan claim against a related party in the amount of 3,000,000 euros with an interest rate of 10% was recognized under other claims.

Credit risk, market risk, and impairment of financial assets

Information on the Group's credit and market risks and credit losses due to the impairment of receivables is provided in Note 7.

NOTE 10. PREPAYMENTS

(EUR)	31.12.2022	31.12.2021
Tax advances	30,068	74,203
Prepaid expenses for future periods	101,566	45 183
Advances received	95,604	364,430
Total	**227,238**	**483,816**
Long term part	63,360	321,197
Short-term part	163,878	162,619
Total	**227,238**	**483,816**

NOTE 11. TANGIBLE FIXED ASSETS AND INTANGIBLE FIXED ASSETS

Tangible fixed assets

(EUR)	Other tangible fixed assets	Right-of-use assets	Total
Acquisition cost as of 31.12.2021	83,826	2,268,139	2,351,965
Accumulated depreciation as of 31.12.2021	-20,732	-63,047	-83,779
Residual value as of 31.12.2021	**63,094**	**2,205,092**	**2,268,186**
Depreciation of the reporting period	-21,331	-63,003	-85,082
Residual value as of 31.12.2022	**41,015**	**2,142,089**	**2,183,104**
Acquisition cost as of 31.12.2022	83,826	2,268,139	2,351,965
Accumulated depreciation as of 31.12.2022	-42,063	-126,050	-168,668

Since January 1, 2021, the group has applied the standard IFRS 16 “Leases”.

When applying IFRS 16, the group recognized leases that were previously classified as operating leases according to the previous accounting practice as right-of-use assets and lease liabilities.

As a right-of-use asset, the group’s report of financial position includes the right of superficies with a term until 2056 at Viru tn 15 and Viru tn 13, Tallinn.

Upon implementation of the standard on 01.01.2022, the remaining lease payments of lease agreements are discounted using an alternative loan interest rate, which is 1.82%. In implementing the standard, the group has used the following simplifications:

- Operating lease agreements with a remaining lease period of up to 12 months or from 01.01.2022, assets of low value are recognized as short-term operating lease agreements;
- direct costs related to the conclusion of the lease agreement for the leased property are excluded on the date of implementation;
- the rental period is determined based on the options in the agreement to extend or terminate the lease agreement.

Right-of-use assets are recognized using the acquisition cost method.

Intangible fixed assets

(EUR)	Goodwill	Other intangible assets	Total
Residual value as of 31.12.2020	**3,178,295**	**20,653**	**3,198,948**
Acquisitions and Improvements			0
Depreciation of the reporting period		-20,653	0
Acquisition cost as of 31.12.2021	3,178,295	0	3,178,295
Accumulated depreciation as of 31.12.2021	0	0	0
Residual value as of 31.12.2021	**3,178,295**	**0**	**3,178,295**
Acquisition cost as of 31.12.2022	3,178,295	0	3,178,295
Revaluation as of 31.12.2022	-3 178 295		-3 178 295
Accumulated depreciation as of 31.12.2022	0	0	0
Residual value as of 31.12.2022	**0**	**0**	**0**

The group's management analyzed the changes in the group's economic environment and operations as of December 31, 2022. In this period, primarily due to the increase in Euribor rates, the cost of capital and, consequently, the discount rate (WACC) increased significantly. With the discount rate corresponding to the new market conditions, the recoverable values of the cash-generating units no longer exceeded the book value, and the management board decided to write down the goodwill in its entirety; as of 31.12.2022, the residual value of the goodwill is 0 euros.

NOTE 12. REAL ESTATE INVESTMENT PROPERTIES

Book values of real estate investments

(EUR)	2022	2021
Real estate investments on January 1	**370,968,082**	**311,412,080**
Acquisitions and Improvements	210,936,	0
Realization	-3,750,000	0
Profit (loss) from the change in fair value	-5,362,763	13,896,034
Additions through business connections	35,630,827	45,659,968
Real estate investments on December 31	**397,697,082**	**370,968,082**

On 21.04.2022, the group acquired a 100% stake in RCH Management SIA, the company that owns the shopping center Damme in Riga. It was a business combination between unrelated parties that was accounted for using the purchase method. (Note 1, Note 23)

On October 28.10.2022, Summus Capital completed the sale of the Hanza Mechanics industrial building; after the transaction, Votum Invest OÜ owned two properties.

As of the end of 2022, the portfolio of companies belonging to Summus Capital OÜ consists of fourteen real estate projects. More information on the website www.summus.ee

	Total fair value (Level 3)	Profit/loss recognized in profit or loss in 2022
Estonia - DE LA GARDIE (commerce)	7,750,000	-800,000
Estonia - VEERENNI 1 (medical center)	14,680,000	-690,000
Estonia - VEERENNI 2 CONFIDO (medical center + parking garage)	23,450,000	-1,210,000
Estonia - AURIGA (commerce)	14,620,000	-1,130,000
Estonia - Portfolio of warehouses	6,417,082	-1,522,763
Estonia - Punane 56 (mixed-use buildings)	3,850,000	-470,000
Lithuania - NORDIKA (commerce)	67,040,000	2,330,000
Lithuania - THE PARK TOWN WEST HILL (commercial center)	22,600,000	-540,000
Lithuania - THE PARK TOWN EAST HILL (commercial center)	51,930,000	-380,000
Lithuania - THE BOD GROUP (high technology center)	26,790,000	90,000
Latvia - RIGA PLAZA (commerce and investment land)	100,970,000	-2,090,000
Latvia - DEPO DIY (commerce)	22,100,000	390,000
Latvia - DAMME (commerce)	35,500,000	660,000
Total	**397,697,082**	**-5,362,763**

The basis for determining the fair value of the real estate investment is independent expert opinions of OÜ NEWSEC VALUATIONS EE for Estonian objects, UAB NEWSEC VALUATIONS for Lithuanian objects, and for SIA NEWSEC VALUATIONS LV Latvian objects. In expert opinions, the Discounted Cash Flow Method and the Sales Comparison Method have been used to find the object's market value in accordance with property valuation standards. The special features of each object and the market, as well as discount and capitalization rates determined accordingly for each object, have been taken into account when preparing valuation documents.

The fair value of real estate investments as of 31.12.2022 has been found using the discounted cash flow method. The fair value assessment is based on the assessment of an independent expert. As of the reporting date, the fair value has been determined based on future business cash flows and discount rates in the range of 7.8%-11.0% and capitalization rates in the range of 6.0%-8.3%. The used vacancy rates by the object are in the range of 0%-12.5%.

Changes in fair value are recognized in the profit and loss statement under a separate item, "Profit/loss from revaluation of real estate investments". Depreciation is not taken into account for real estate investments reported using the fair value method. Investment property is derecognized in the balance sheet when the asset is disposed of or decommissioned if the asset is not expected to generate future economic benefits. The profit and loss arising from the derecognition of real estate investment is recognized in the statement of comprehensive income for the period of decommissioning on the line of other business income or other business expenses. (Note 22)

Leases in different countries and by type of use of the properties have been entered into in accordance with market practice. Most office and warehouse leases do not have the option of early termination. However, depending on the specifics and market practices, such opportunities are more widely used in trade. As there are about 400 contracts in different countries, there is no uniform contract form.

Fair value measurement

Fair value hierarchy

The measurement of the fair value of all investment properties is classified as Level 3 fair value based on the inputs to the valuation technique used.

Assessment techniques and significant unobservable inputs

The following table sets out the valuation technique used to measure the fair value of investment property and significant unobservable inputs.

Sector	Fair value (EUR)	Evaluation technique	Significant unobservable inputs	Interrelationship between unobservable inputs and fair value measurements
Industry	33,207,082	Discounted cash flow method	Average rental price €/m² (2022: 5.38 EUR/m²; 2021: 5.79 EUR/m²;)	The expected fair value would increase (decrease) if:
			Expected increase in rental income (2022: -6.9-8.3%; 2021: 1.5-5%	- the average rental price would be higher (lower)
			Vacancy rate (2022: 0%; 2021: 0-10%)	- expected rental income growth would be higher (lower)
			Discount rate (2022: 9.2-9.4%; 2021: 8.0-9.1%)	- the vacancy rate would be lower (higher)
			Output productivity (2022: 7.5-7.8%; 2021: 7.5-8.3%)	- the discount rate would be higher (lower)
Office	116,510,000	Discounted cash flow method	Average rental price €/m² (2022: 13.34 EUR/m²; 2021: 14.28 EUR/m²;)	The expected fair value would increase (decrease) if:
			Expected increase in rental income (2022: 0.0-5.8%; 2021: 1.5-4.0%)	- the average rental price would be higher (lower)
			Vacancy rate (2022: 0.0-6.4%; 2021: 2-5%)	- expected rental income growth would be higher (lower)
			Discount rate (2022: 7.8-10.2%; 2021: 6.6-8.2%)	- the vacancy rate would be lower (higher)
			Output productivity (2022: 6.0-8.3%; 2021: 6.0-7.0%)	- the discount rate would be higher (lower)
Commerce	247,980,000	Discounted cash flow method	Average rental price €/m² (2022: 13.02 EUR/m²; 2021: 11.98 EUR/m²)	The expected fair value would increase (decrease) if:
			Expected increase in rental income (2022: 0.0-8.3%; 2021: 1.0-4.0%)	- the average rental price would be higher (lower)
			Vacancy rate (2022: 0.0-37%; 2021: 2-5%)	- expected rental income growth would be higher (lower)
			Discount rate (2022: 8.6-11.0%; 2021: 7.6-9.8%)	- the vacancy rate would be lower (higher)
			Output productivity (2022: 6.8-8.3%; 2021: 6.0-8.3%)	- the discount rate would be higher (lower)

NOTE 13. DEBTS TO SUPPLIERS AND OTHER DEBTS

(EUR)	Note	31.12.2022	31.12.2021
Debts to suppliers		2,203,483	2,691,454
Debts to related parties	29	0	355,241
Total debts to suppliers		**2,203,483**	**3,046,695**
Debts to contractors		2,205	4,764
Interest arrears		25,016	200,123
Rental deposits and other advances received		2,779,192	2,096,184
Debts for acquired shares		0	1,678,907
Other accrued liabilities		272,509	86,132
Total other debts		**3,078,922**	**4,066,110**
Total		**5,282,405**	**7,112,805**
Short-term part		5,282,405	7,112,805
Total		**11,217,582**	**7,112,805**

Other accrued liabilities consists of liabilities towards related parties in the amount of 138,650 euros (Note 29)

NOTE 14. PROVISIONS

On 08.01.2021, subsidiary of the group Loft Office SIA concluded an agreement in relation to acquisition of Riga Plaza shopping centre with the aim of organizing real estate management in a way that would maximize the future value of the company. In accordance with the agreement, Loft Office SIA undertakes to pay a 20% success fee at the sale of the Riga Plaza shopping centre or after five years from the signing of the agreement on the amount exceeding the target return. As of 31.12.2022 the management of the group evaluated the possible future liability compiling a 5-year forecast for Riga Plaza shopping center, based on which the possible success fee to be paid was calculated, which, discounted as of 31.12.2022, amounted to 5,935,177 euros. The management of the group assessed that the realisation of the liability can likely take place and decided to make a provision that is reflected in the profit and loss statement under various operating expenses in the line “other” (Note 24) and as a long-term provision in the balance sheet. The amount of the liability that may arise in the future is payable to related parties at realisation, see Note 29.

NOTE 15. LOANS AND BORROWINGS

(EUR)	Note	Base currency	Interest rate	Deadline of return	Loan balance on 31.12.2022	Repayments of loans Up to 1 year	2-5 years	Over 5 years
Short-term liabilities								
Bank loans		EUR	EURIBOR+1.82%-2.5%	2022-2026	8,444,141	8,444,141	0	0
Other short-term loans		EUR		2022	0	0	0	0
Total					**8,444,141**	**8,444,141**	**0**	**0**
Long-term liabilities								
Bank loans		EUR	EURIBOR+1.82%-2.5%	2022-2026	207,488,175		207,488,175	0
Bonds		EUR	6.75%	2024	10,000,000		10,000,000	0
Loans from related parties		EUR	2%-9%	2030	0		0	0
Other loans received		EUR	7%	2028-2030	0		0	0
Total					**217,488,175**	**0**	**217,488,175**	**0**

(EUR)	Note	Base currency	Interest rate	Deadline of return	Loan balance on 31.12.2021	Repayments of loans Up to 1 year	2-5 years	Over 5 years
Short-term liabilities								
Bank loans		EUR	EURIBOR+1.82%-2.5%	2022-2026	31,873,253	31,873,253	0	0
Other short-term loans		EUR		2022	9,705,864	9,705,864	0	0
Total					**41,579,117**	**41,579,117**	**0**	**0**
Long-term liabilities								
Bank loans		EUR	EURIBOR+1.82%-2.5%	2022-2026	156,894,252		156,894,252	0
Bonds		EUR	6.75%	2024	10,000,000		10,000,000	0
Loans from related parties		EUR	2%-9%	2030	305,000		0	305,000
Other loans received		EUR	7%	2028-2030	2,005,989		0	2,005,989
Total					**169,205,241**	**0**	**166,894,252**	**2,310,989**

Real estate with a book value of 397,697,082 euros (as of 31.12.2021, 370,968,082 euros) has been pledged as security for bank loans.

Bank loan agreements contain, among other things, certain conditions (loan covenants) regarding the group's ratios to which the consolidated financial indicators must correspond - otherwise, the bank has the right to reclaim the loan immediately. As of the reporting date, the group did not have such cases of violation of compliance with the ratios that would have required the classification of loans as short-term loan liabilities.

In 2021, Summus Capital OÜ completed the issuance of the company's first unsecured bonds in the amount of 10 million euros, with a maturity of three years and a coupon's fixed interest rate of 6.75%. The bonds were issued at a price equal to their face value.

In 2022, amendments were made to the bank's loan agreements, according to which the loan obligation is subject to a settlement based on a multi-year payment schedule in an ordinary manner. In 2022, loans from other related parties in the amount of 305,000 euros were converted into subordinated liabilities and were recognized in the composition of equity.

NOTE 16. LEASE AGREEMENTS

The Group as a lessee

Below is information on the leases in respect of which the group is the lessee.

As a right-of-use asset (Note 11), the group's statement of financial position includes the right of superficies with a term until 2056 at Viru tn 15 and Viru tn 13, Tallinn.

The following amounts are reflected in the comprehensive income statement for the reporting period in connection with this agreement of a right of superficies:

- Depreciation cost of right-of-use assets 63,003 euros (2021: 63,047 euros).
- Interest expense from lease obligations 36,043 euros (2021: 41,980 euros)

The group as a lessor

Financial lease

The group has not leased assets to third parties under finance leases.

Operating lease

The group leases commercial real estate. These leases are classified as operating leases because they do not transfer substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee.

The table below provides an overview of the Group's operating lease income.

Operating lease payments for the period

(EUR)	2022	2021
Rental income	27,578,172	22,074,452
Total	**27,578,172**	**22,074,452**

The following table presents a term analysis of lease payments, showing undiscounted lease payments receivable after the reporting date.

Operating lease payments for the subsequent periods

(EUR)	2023	2024	2025	2026	2027
Rental income	27,354,415	28,353,373	28,936,463	29,531,016	29,531,016

NOTE 17. INCOME TAX AND TAX DEBTS

	2022	2021
Income tax components		
Income tax on the expenses of the reporting period	13,458	5,859
Income tax due on the dividends	1,261,537	1,597,165
Deferred income tax liability	1,274,995	1,603,024
Total income tax for the reporting period	**2,549,990**	**3,206,048**

	2022	2021
Deferred income tax on assets		
Tax losses	4,085,012	787,233
Amortization of goodwill	181,029	200,425
Deferred income tax on assets before the change in value	4,266,042	767,718
Total deferred income tax on assets	**4,266,042**	**767,718**

	2022	2021
Deferred income tax on liabilities		
Change in fair value of investments	- 6,956,346	- 6,700,230
Depreciation of investments	- 6,777,783	- 2,563,007
Deferred income tax on liabilities before the change in value	- 13,734,129	- 9,263,237
Total deferred income tax on liabilities	**- 13,734,129**	**- 9,263,237**
Total deferred income tax liability	**- 9,468,088**	**- 8,495,519**

The deferred income tax liability has arisen from the income tax accounting of Lithuanian subsidiaries.

Unrecognized deferred tax liabilities

As of 31.12.2022, the deferred income tax liability for investments in Estonian and Latvian subsidiaries was 2,549,990 euros (2021: 3,377,562 euros) for temporary differences. This liability was not recognized as the Group controls the dividend policies of its subsidiaries, which means that the Group controls the timing of the reversal of related taxable temporary differences, and management is confident that they will not reverse in the foreseeable future.

NOTE 18. DERIVATIVE INSTRUMENTS

(EUR)	31.12.2022	31.12.2021
Financial assets from derivative instruments	6,980,358	
Total	**6,980,358**	**0**

(EUR)	31.12.2022	31.12.2021
Liabilities from derivative instruments	44,063	3,191,608
Total	**44,063**	**3,191,608**

Derivative instrument	Evaluation techniques	Level of the fair value hierarchy
Interest rate swap	The fair value of interest rate swap contracts is found as the present value of expected future cash flows based on interest curves observed in the market	2
Interest rate cap agreements (CAP)	The fair value of interest rate cap agreements (CAP) is found as the present value of expected future cash flows based on interest rate curves observed in the market	2

NOTE 19. SHARE CAPITAL

(EUR)	31.12.2022	31.12.2021
Share capital in nominal value	1,200,000	1,200,000
Number of shares	1	1

The share entitles the shareholder to participate in the management of the private limited company and in the distribution of profits and assets remaining upon dissolution of the private limited company, as well as other rights prescribed by law and the articles of association.

As of 31.12.2022, the sole shareholder of the private limited company is Boris Skvortsov.

According to the articles of association, the minimum size of the share capital as of 31.12.2022 is 1,200,000, and the maximum size is 4,800,000 euros.

The shares of Summus Capital OÜ are registered in the Estonian Central Register of Securities.

Voluntary legal reserve

In 2021, a voluntary legal reserve was formed in the amount of 78,913,462 euros. The contribution to the voluntary legal reserve was made in a non-monetary form, and the voluntary legal reserve consists of loans ceded by the owner. The voluntary legal reserve may be used for the following purposes:

- To ensure the net assets required by the Commercial Code;
- To cover the loss of the private limited company, if it cannot be covered from the undistributed profit of the previous periods and the reserve capital stipulated in the articles of association, and at the expense of the premium; and
- for increasing share capital of the procedure of bonus issue.

The voluntary capital reserve can be returned to the shareholders, provided that the minimum permissible net assets of the private limited company required by the Commercial Code continue to be guaranteed after the payment.

Subordinated loan

As of the end of the reporting period, loans from the owners and other related parties in the amount of 23,998,259 euros were recognized as subordinated liabilities within equity. Subordinated loans are classified as equity instruments because agreements to subordinate loans do not result in a contractual obligation to pay lenders the agreed amount of money or other financial assets.

NOTE 20. SALES REVENUE

(EUR)	2022	2021
Sales to EU countries		
Lithuania	13,938,194	13,362,130
Latvia	17,370,413	8,727,607
Estonia	7,728,959	7,162,030
Total sales to EU countries	**39,037,566**	**29,251,767**
Total income from sales	**39,037,566**	**29,251,767**
Field of activities		
Income from advertising	440,739	37,835
Rental income	27,972,614	22,074,452
Other goods and services resold	10,624,214	7,139,480
Total income from sales	**39,037,566**	**29,251,767**
Timing of sales revenue recognition		
Over time	39,037,566	29,251,767
Total income from sales	**39,037,566**	**29,251,767**

Customer contract balances

The table below provides an overview of claims, contractual assets, and contractual liabilities with customers.

(EUR)	Note	31.12.2022	31.12.2021
Trade receivables	9	2,347,625	3,251,819
Rental deposits and other advances received	13	-2,779,192	-2,096,184
Net position		**-431,567**	**1,155,635**

NOTE 21. GOODS, RAW MATERIALS, MATERIALS, AND SERVICES

(EUR)	Note	2022	2021
Services purchased for sale		-14,068,700	-8,832,721
Total		**-14,068,700**	**-8,832,721**

The costs of services purchased for the purpose of sale include the direct management costs of real estate investments, which include services directly related to the operation of real estate objects, including utility, security, administrative, insurance, cleaning, communication, current repair, and maintenance costs and other associated taxes and fees.

NOTE 22. OTHER OPERATING EXPENSES AND OTHER INCOME

(EUR)	Note	2022	2021
Other revenue		847,006	1,606,807
Profit from real estate investment revaluation	12	2,420,000	13,986,034
Total other business income		**3,267,006**	**15,592,841**
Other operating expenses		2022	2021
Other expenses		5,383	339,085
Loss from real estate investment revaluation	12	7,782,763	90,000
Total other operating expenses		**7,788,146**	**429,085**

NOTE 23. PROFIT (LOSS) FROM SUBSIDIARIES

(EUR)	2022	2021
Profit (loss) from subsidiaries		
Negative goodwill	3,799,976	1,467,502
Total profit (loss) from subsidiaries	**3,799,976**	**1,467,502**

In 2021, negative goodwill was recognized in the total amount of 1,467,501 euros form two transactions: (1) Procedo Capital (Summus subsidiary) acquired the subsidiary Pharma Plaza OÜ and (2) D Imanta Project SIA acquired the subsidiary Pārupes būmaņi SIA.

On April 21, the Group acquired a 100% holding in the company RCH Management SIA, which owns the shopping center Damme in Riga. The purchase price of the holding was EUR 15.7 million, the value of the net assets acquired was EUR 19.5 million, resulting in negative goodwill of EUR 3,799,976, which is recognized in the statement of comprehensive income in the line “Profit (loss) from subsidiaries” (Note 1).

NOTE 24. MISCELLANEOUS OPERATING EXPENSES

(EUR)	2022	2021
Miscellaneous office expenses	-52,642	-34,804
Impairment of trade receivables	-95,883	-279,023
Advertising costs	0	-13,000
Legal costs	-291,225	-1,670,340
Consultation costs	-343,986	-1 125 242
Bank fees	-63,224	-449,494
Management service fees	-151,604	-222,994
Other	-6,634,961	-647,432
Miscellaneous operating expenses total	**-7,633,525**	**-4 442 329**

As of 31.12.2022, the management of the group decided to make a provision to cover a possible future liability in the amount of 5,935,177 euros, which is related to the contract signed on the acquisition of SIA LRSREF3 Riga Plaza with the aim of organizing real estate management in a way that would maximize the company’s future value. The corresponding provision is recognized in the profit and loss statement under various operating expenses in the line “other” (Note 14) and in the balance sheet in the line “provisions”.

NOTE 25. LABOR COSTS

(EUR)	2022	2021
Salary cost	-118,122	-161,401
Social taxes	-23,100	-18,891
Pension cost	0	-25
Total labor costs	**-141,222**	**-180,318**
Average number of employees reduced to full-time	6	6

NOTE 26. INTEREST EXPENSES

(EUR)	2022	2021
Interest costs from bank loans	-6,893,302	-5 154 402
Interest costs on bonds	-674 146	-363,320
Interest expenses on loans received from related parties	0	-1,879,027
Interest costs from third-party loans	-28,699	-1,269,587
Other interest costs	-285,341	-368,647
Total interest costs	**-7,881,488**	**-9,034,983**

NOTE 27. OTHER FINANCIAL INCOME AND EXPENSES

(EUR)	2022	2021
Income from derivative instruments (SWAP, CAP)	10,441,540	1,603,115
Interest income	0	609,779
Other financial income	0	19,222
Other financial costs	0	-46 113
Total interest costs	**10,441,540**	**2,186,003**

Income from derivative instruments consists of income from the fair value revaluation of interest rate swaps and interest rate cap contracts.

NOTE 28. NON-CONTROLLING INTERESTS

The table below presents information on subsidiaries with significant (over 10%) non-controlling holdings. The information is presented before the elimination of intra-group transactions.

2022	UAB Vikingu 3	SIA Loft Office
Minority shareholding	11%	11%
Fixed assets	50,339,960	17,267,946
Current assets	760,394	73,975
Non-current liabilities	35,421,813	0
Current liabilities	13,188	6,910
Net assets	15,665,353	17,335,011
Minority shareholding of net assets	1,723,189	1,906,851
Sales revenue	19,236	0
Net profit for the reporting period	7,030,820	4,866,674
Minority shareholding of profits	773,390	535,334
Cash flow from operating activities	2,948,393	-66,157
Cash flows from investment activities	-2,035,353	2,291,215
Cash flows from financing activities	-914,132	-2,236,949
Change in cash flow	-1,092	-11,931

2021	UAB Vikingu 3	SIA Loft Office
Minority shareholding	11%	11%
Fixed assets	49,255,279	18,330,393
Current assets	728,388	85,907
Non-current liabilities	34,169,937	2,150,809
Current liabilities	2,179,174	5,719
Net assets	13,634,556	16,259,772
Minority shareholding of net assets	1,499,801	1,788,575
Sales revenue	0	0
Net profit for the reporting period	7,958,715	657,576
Minority shareholding of profits	875,459	72,33
Cash flow from operating activities	-146,909	-270,141
Cash flows from investment activities	15,193,563	0
Cash flows from financing activities	-15,045,519	255,99
Change in cash flow	1,135	-14,142

NOTE 29. RELATED PARTIES

The party having ultimate control over the group is disclosed in Note 19.

Balances with related parties by category

Claims (EUR)	31.12.2022	31.12.2021
Executive and senior management, shareholders with significant holding, and companies under their dominant or significant influence	10,608	0

Liabilities (EUR)	31.12.2022	31.12.2021
Executive and senior management, shareholders with significant holding, and companies under their dominant or significant influence	24,136,909	28,272,320

Loans received

2022 (EUR)	Loans received	Repayment of loans received	Interests paid	Interest rate	Base currency	Final term
Executive and senior management, shareholders with significant holding, and companies under their dominant or significant influence						
Loan	0	2,978,842	1,750,770	7-9%	EUR	2024-2030
Close family members of executive and senior management and private owners with significant shareholdings and undertakings under their control or significant influence						
Loan	0	0	0	7%	EUR	0

2021 (EUR)	Loans received	Repayment of loans received	Interests paid	Interest rate	Base currency	Final term
Executive and senior management, shareholders with significant holding, and companies under their dominant or significant influence						
Loan	1,770,000	1,916,842	1,130,205	7-9%	EUR	2024-2030
Close family members of executive and senior management and private owners with significant shareholdings and undertakings under their control or significant influence						
Loan			152,489	7%	EUR	2,030

As of 31.12.2022, commitments in the amount of 23,998,259 euros consist of subordinated loan commitments and dividend commitments in the amount of 138,650 euros.

In 2021, a voluntary legal reserve was formed in the amount of 78,913,462 euros. The contribution to the voluntary legal reserve was made in a non-monetary form, and the voluntary legal reserve consists of loans ceded by the owner.

In addition to the aforementioned loan commitments, a provision of EUR 5,935,177 has been set up in respect of a related party contract, which will be payable to the related parties upon realisation of the liability (Note 14).

Purchases and sales of goods and services

Purchases of goods and services (EUR)	2022	2021
Executive and senior management, shareholders with significant holding, and companies under their dominant or significant influence	812,810	1,768,372

Sales of goods and services (EUR)	2022	2021
Executive and senior management, shareholders with significant holding, and companies under their dominant or significant influence	0	60,345

Remuneration and other significant benefits calculated for executive and senior management (EUR)	2022	2021
Calculated remuneration	70,000	49,000
Total	70,000	49,000

NOTE 30. CONTINGENT LIABILITIES

The Group's retained earnings at the end of the reporting period amounted to 66,074,133 euros (31.12.2021: 57,724,837,837 euros). The maximum possible amount of income tax liability that may result from the payment of all retained earnings as dividends are 12,972,261 euros (31.12.2021: 11,544,968 euros), so it would be possible to pay out a maximum of 51,889,042 euros as net dividends (31.12.2021: 46,179,870 euros).

The calculation of the maximum income tax liability is based on the assumption that the net dividends to be distributed and the income tax expense accompanying their payment cannot exceed the distributable consolidated profit as of the end of the reporting period.

In addition, Summus Capital OÜ has committed to the bondholders not to pay more than 50% of the previous year's profit adjusted for non-financial resources and non-recurring income and expenses as dividends. In accordance with the terms of the bonds, Summus Capital OÜ is, therefore, able to pay net dividends in the amount of 7,549,465 euros.

NOTE 31. EVENTS AFTER THE REPORTING DATE

There are no events after the reporting period that must be recognized or disclosed in the consolidated financial statements.

NOTE 32. FINANCIAL INFORMATION OF THE GROUP'S PARENT COMPANY

The financial information of the parent company includes the main reports of the parent company, which must be disclosed in accordance with the Estonian Accounting Act. The main financial statements of the parent company have been prepared in accordance with the same accounting policies as used in the preparation of the consolidated financial statements, except that investments in subsidiaries have been accounted for using the equity method.

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR)	31.12.2022	31.12.2021
Current assets		
Cash and cash equivalents	10,136,813	10,797,039
Claims against buyers and other claims	6,686,622	6,193,819
Prepayments	30,068	8,539
Total current assets	**16,853,503**	**16,999,397**
Fixed assets		
Investments in subsidiaries	66,989,180	61,491,508
Granted loans	97,392,015	95,449,759
Total fixed assets	**164,381,195**	**156,941,267**
Total assets	**181,234,698**	**173,940,664**
Liabilities		
Debts to suppliers and other debts	171,128	1,066,685
Tax debts	2,650	5,300
Total current liabilities	**173,778**	**1,071,985**
Loan commitments	10,000,000	10,000,000
Total long-term liabilities	**10,000,000**	**10,000,000**
Total liabilities	**10,173,778**	**11,071,985**
Owner's equity		
Share capital	1,200,000	1,200,000
Voluntary reserve	78,913,462	78,913,462
Subordinated loan	23,998,259	27,594,496
Retained earnings (loss)	66,949,199	55,160,719
Total shareholder's equity	**171,060,920**	**162,868,677**
Total liabilities and equity	**181,234,698**	**173,940,662**

UNCONSOLIDATED INCOME STATEMENT AND OTHER STATEMENTS OF COMPREHENSIVE INCOME

(EUR)	2022	2021
Sales revenue	12,000	12,000
Miscellaneous operating expenses	-501,881	-631 385
Labor costs	-96,751	-68,296
Depreciation and impairment of fixed assets	0	-6,035
Other operating expenses	-5,602	-1 870
Operating profit (loss)	**-592,234**	**-695,585**
Profit (loss) from subsidiaries	8,749,597	17,063,001
Profit (loss) from financial investments	0	-61,880
Interest income	7,284,606	5,405,323
Interest expenses	-674 146	-1,030,715
Other financial income and expenses	0	50
Profit (loss) before income tax	**14,767,822**	**20,680,194**
Income tax		
Net profit/loss for the accounting period	**14,767,822**	**20,680,194**
Comprehensive profit (loss) of the reporting period	**14,767,822**	**20,680,194**

UNCONSOLIDATED CASH FLOW STATEMENT

(EUR)	2022	2021
Cash flow from business		
Net profit/loss for the accounting period	**613,565**	**-695,585**
Adjustments		
Depreciation and impairment of fixed assets	0	6,035
Total adjustments	**0**	**6,035**
Change in business-related claims	650,484	5,708
Change in advance payments	0	-271
Change in business-related liabilities	11,644	10,391
Corporate income tax paid	,	
Total cash flows from operating activities	**25,254**	**-673,722**
	,	
Cash flows from investment activities	**,**	
Received upon the sale of tangible and intangible assets	0	52,299
Received from the sale of subsidiaries	0	1,131,910
Granted loans	-18,155,229	-3,895,005
Repayment of loans granted	13,721,277	4,379,059
Interests received	8,855,378	2,128,683
Dividends received	3,363,310	267,000
Other receipts from investment activities	0	-1,400,000
Total cash flows from investment activities	7,784,736	2,663,946
	,	
Cash flows from financing activities	**,**	
Loans received	0	10,000,000
Repayment of loans received	-,3,128,124	-1,132,500
Interests paid	-3,242,093	-1,196,393
Dividends paid	-2,100,000	0
Other income from financing activities	**0**	1,132,500
Total cash flows from financing activities	**-8,470,217**	**8,803,607**
Total cash flows	-660,227	**10,793,831**
Cash and cash equivalents at the beginning of the reporting period	10,797,039	3,209
Cash and cash equivalents at the end of the reporting period	**10,136,813**	**10,797,039**

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR)	Share capital	Voluntary legal reserve	Subordi-nated loan	Retained earnings (loss)	Total share-holder's equity
Balance as of 31.12.2020	**67,500**	**0**	**0**	**35,666,798**	**35,734,298**
Profit (loss) for the reporting period				20,680,194	20,680,194
Comprehensive profit (loss) of the reporting period				**20,680,194**	**20,680,194**
Transactions with company owners					
Increase of share capital	1,132,500				1,132,500
Formation of voluntary legal reserve		78,913,462			78,913,462
Subordination of loan obligations			27,594,495		27,594,495
Interest calculated on subordinated loans				-1,186,272	-1,186,272
Transactions with company owners in total	**1,132,500**	**78,913,462**	**27,594,495**	**-1,186,272**	**106,454,185**
Balance as of 31.12.2021	**1,200,000**	**78,913,462**	**27,594,495**	**55,160,720**	**162,868,677**
Profit (loss) for the reporting period			,	13,649,212	13,649,212
Comprehensive profit (loss) of the reporting period			**,**	**13,649,212**	**13,649,212**
Transactions with company owners			**,**	**,**	**0**
Increase of share capital			,	,	0
Formation of voluntary legal reserve			,	,	0
Payment of subordinated loan obligations			-5,761,970		-5,761,970
Subordination of loan obligations			2,165,734,		2,165,734
Interest calculated on subordinated loans			,	-1,860,733	-1,860,733
Transactions with company owners in total	**0**	**0**	**-3,596,236**	**-1,860,733**	**-5,456,969**
Balance as of 31.12.2022	**1,200,000**	**78,913,462**	**23,998,259**	**66,949,199**	**171,060,920**

In accordance with the Estonian Accounting Act, the adjusted unconsolidated retained earnings reflect the amount available for distribution to shareholders.

Voluntary legal reserve

In 2021, a voluntary legal reserve was formed in the amount of 78,913,462 euros. The contribution to the voluntary legal reserve was made in a non-monetary form, and the voluntary legal reserve consists of loans ceded by the owner. A voluntary legal reserve may be used for the following purposes:

- To ensure the net assets required by the Commercial Code;
- To cover the loss of the private limited company, if it cannot be covered from the undistributed profit of the previous periods and the reserve capital stipulated in the articles of association, and at the expense of the premium; and
- for increasing share capital of the procedure of bonus issue.

The voluntary capital reserve can be returned to the shareholders, provided that the minimum permissible net assets of the private limited company required by the Commercial Code continue to be guaranteed after the payment.

Subordinated loan

Subordinated loans are classified as equity instruments because subordinated loans do not result in a contractual obligation to pay lenders the agreed amount of money or other financial assets.

III SIGNATURES TO THE ANNUAL REPORT

Management Board's approval of the Group's financial statements

The management board of Summus Capital OÜ declares its responsibility for the preparation of the consolidated report for 2022 of the group and confirms that:

- The principles applied in preparing the consolidated report are in accordance with international financial reporting standards (IFRS), as adopted by the European Union;
- The consolidated report prepared in accordance with the applicable financial reporting framework provide a correct and fair overview of the assets, liabilities and financial position and profit and cash flows of Summus Capital OÜ and the companies belonging to the consolidation group as a whole;
- All known facts that have become clear up to the date of approval of the report (29.04.2023) have been properly taken into account and presented in the consolidated accounting accounts;
- Summus Capital OÜ and its subsidiaries are going concerns.

April 29th, 2023

Board member signatures

Hannes Pihl Aavo Koppel In Evaldas Čepulis

Signed digitally

KPMG

To the Shareholder of Summus Capital OÜ

Opinion

We have audited the consolidated financial statements of Summus Capital OÜ (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements presented on pages 32 to 67, present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants (Estonia) (including Independence Standards) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the management report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, our responsibility is to state whether the information presented in the management report has been prepared in accordance with the applicable legal and regulatory requirements.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard and we state that the information presented in the management report is materially consistent with the consolidated financial statements and in accordance with the applicable legal and regulatory requirements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (Estonia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (Estonia), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures

that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Baltics OÜ
Licence No 17

Helen Veetamm

Certified Public Accountant, Licence No 606

Liisa Piirsalu

Certified Public Accountant, Licence No 709

Digitally signed

Tallinn, 29 April 2023